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*Grand Design's Dedication to Quality
Speeds Expansion*



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From left, Grand Design Co-owners Ron Fenech, Don Clark and Bill Fenech review site plans for the company's expansion. The expansion includes two new facilities.

The View from **ABOVE**

***Grand Design's tireless dedication to quality
and attention to detail speeds expansion***

By Greg Gerber

Less than three years old, Grand Design Recreational Vehicles has made a splash in the RV industry with its dealer-friendly policies, a 155-point PDI and rapid growth.

“We define ‘quality’ as being the standard to which our products are measured against other RVs of a similar kind,” says Don Clark, CEO and co-owner of Grand Design. “However, at the end of the day, it’s not how we define ‘quality,’ it’s how our customers define it that really matters.”

Grand Design’s engineers use “every nook and cranny” to ensure the company maximizes living space and storage while adding structural strength to the entire coach. Extra steps are also taken in the inspection process by evaluating every RV before it leaves the plant — no other towable manufacturer does that, Clark says.

Grand Design employs production line inspectors so any problems can be addressed before a unit moves too far along. After a unit is produced, it goes through a PDI in the production facility. All appliances, furnaces, air conditioners, plumbing systems, hot water heater, and other mechanicals are turned on to make sure they work properly. The final finish is also inspected to ensure the RV is ready for sale.

While many RV manufacturers also complete the above steps, then ship their products directly to a dealer, Grand Design takes it one step further by transferring units to an independently-run PDI center.

There, every single Grand Design unit goes through an additional 155-point inspection process. The list of items evaluated is considered proprietary information, though Clark says, for example,

the “final finish” inspectors ensure handles match and are secured straight on cabinets and drawers. They also confirm window treatments are straight and cabinet doors are free of scratches and gouges.

“Our inspectors review each coach as though a close relative is purchasing the unit. Only after the 155-point inspection is complete do we ship our product to dealers. This extra inspection process is very expensive, but we believe it is worth every dollar spent,” he says.

In February, Grand Design completed a \$3.2 million, 65,000-square-foot



addition to one of its facilities — 60 percent of which will be used to conduct pre-delivery inspections (PDI) before the RVs are shipped to dealer lots. The other 40 percent will be used to expand the lamination process.

The PDI process takes approximately \$2 million off the firm’s bottom line, but Grand Design vowed “to do business in a different way” and it is holding to that promise, Clark says.

“Ask any of our dealers, and they’re likely to say that when a Grand Design unit

comes on the lot, it can be inspected and processed for a retail customer in a lot less time, because we already performed a clean, quality-controlled inspection before shipping it to them.”

Core Values Form a Foundation

“We never started Grand Design with the intention of becoming the largest RV manufacturer and, with our unique dealer-friendly business model, we never will be,” Clark says. “But, now that we’ve grown and are beginning to achieve critical mass, we are very mindful to not stray from our core values and what brought us to the dance.”

What are those core values? Clark says they center on the following statements:

- “We are committed to provide a product that has superior value for our customers.
- “We always strive to exceed our customer’s expectations.
- “We raise the bar for service expectations.”
- “We strive to be a leader in product innovation.
- “Be an intricate part of our community supplying a place of employment where folks can be proud to call Grand Design home.

“From day one, we wanted to build a ‘special’ kind of company — special for our retail customers, our dealers, suppliers and, especially, our employees,” he says. “Obviously, in order to build ‘special,’ we needed to be different.”

Grand Design’s model is unique in regard to the involvement of team members. Each member, regardless of position or time with the company, is encouraged to speak out if they see a problem that should be fixed, or have an idea as to how product quality, service or administration can be improved.



Frances Wentworth (left), of human resources, consults with receptionist Sharon Acosta.

“When I step back and look at the synergy our company has, I get enthused about our future,” he adds. “Everyone in our company strives for continuous improvement, and they are rewarded financially for their effort. It truly is amazing what great ideas and loyalty you can get from teams that are empowered,” Clark says. “We’re not creating history, but we are making a difference by helping to move the industry’s needle in a positive direction.”

The company made a commitment not to “clone” products, or produce similar looking RVs branded under different names. That’s a practice commonly done by other manufacturers in order to market more of their products in a market area with two or more local dealers competing to sell similar products, he says.

Grand Design grants large, exclusive territories to a single dealer, which protects margins for its dealer partners. Dealers are carefully selected to partner with the company based on their reputation for service and sales ability.

Dealers abide by the company’s Internet pricing policies, which prohibit them



PDI Inspector Chase Spears inspects an underbelly. Grand Design uses a 155-point PDI.



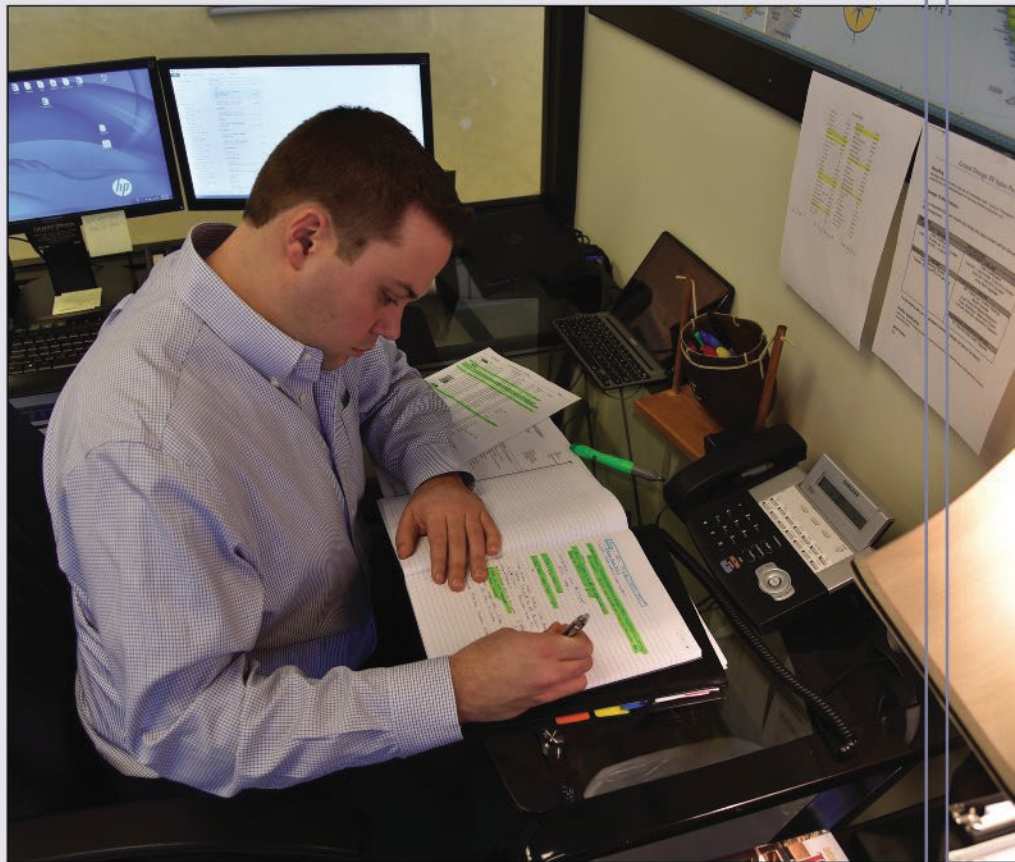
Factory workers roll insulation. Clark says Grand Design has the best workforce in Elkhart County, who buy into the company’s philosophy of high-quality craftsmanship.

from advertising below a minimum level of pricing. That prevents one dealer in the country from taking advantage of other dealers carrying the same product, and selling exclusively with cut-rate pricing practices.

“Again, our goal was never based on being the largest manufacturer on the planet. Our dealer-centric business model will preclude us from becoming the biggest,” Clark says. “We simply want to be the best. We believe that today more than ever, dealers and manufacturers need to strengthen business bonds and understand each other’s needs.”

Points of Differentiation

Clark never expected the type of growth Grand Design achieved as quickly as it did from its 8-by-8-foot display booth at the 2012 National RV Trade Show. It is



Tony Lizzi, regional sales manager for Imagine and Reflection lines, reviews sales and shipping data.

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now the fourth largest manufacturer of travel trailers and fifth wheels in North America, he says.

At that time, former Thor Industries Executives Ron and Bill Fenech, along with Clark, outlined their vision to



PDI Inspector Jennifer Baker inspects kitchen cabinets. In February, Grand Design completed a \$3.2 million, 65,000-square-foot addition to one of its facilities, which will be used primarily to conduct PDIs.



Manufacturing technician Terry Wertz (foreground) preps a wall to apply seam tape. Curtis Fugate (upper left) prepares for the next wall to be routed.

create a new type of RV manufacturing company in front of a packed audience of 400 dealers.

“We were confident our product would go over big with the dealers we brought on board,” Clark says. “However, we expected it would take time to convey our story and show consumers how we’re a truly different company. But, holy cow, it has taken off like we never envisioned.”

After making the presentation in Louisville, the leadership team listened to dealers describe what they ultimately wanted from a manufacturing partner. Then, they started with a clean sheet of paper and built a business platform based upon the feedback.

“What we heard loud and clear was that dealers wanted a manufacturer that could provide a product that could achieve faster turns with increased margins and still provide excellent service along with strong relationships,” Clark says. “We believe as time goes on, dealers will continue to see and enjoy an advantage of having an exclusive relationship with a company that completely partners with their business and has not cannibalized their sales by supplying products to competitors vying for the same customer.”

The Fenech brothers and Clark are directly involved in running Grand Design, as well as maintaining close relationships with dealers, company personnel and retail customers. Grand Design is not a heavily layered company, which means a dealer or a customer can pick up the phone and speak directly with a member of the leadership team.

Products Make a Difference

Since its inception, Grand Design has developed a full array of towable products, including:

Solitude – An extended-stay fifth wheel with tall ceilings, tall and deep cabinets, large scenic window areas, a 6-foot, 8-inch-tall slideout, and a body width that measures 101 inches.

Reflection – A mid-profile fifth wheel with lots of what Clark calls “creature features,” such as a deep kitchen sink, skylight over the shower, king-size wardrobe closet, pre-drilled and screwed-in cabinets, and LED lighting with motion sensors.

Reflection travel trailer – a full-size travel trailer incorporating laminated walls and aluminum supports with the amenities of a fifth wheel at a weight that can easily be towed.

Momentum – A toy hauler line with recessed LED lighting, solid surface counters, king bed, blue LED accent lighting, raised panel hardwood cabinet doors with hidden hinges, and a sofa with theater seats and heat/massage capability.

Momentum M – A fifth wheel toy hauler built to the same construction standards as the Momentum, but geared toward a smaller size model.

Imagine – A full-size lightweight towable.

Full-line Manufacturer

“We’re no longer a niche player in the RV industry. We’re a full-line manufacturer that enjoys a solid dealer network,” Clark says. “We have a responsibility to



Kyle Barnard inspects an underbelly.

not let our dealers down. Our dealers have begun thinning out competitive products on their lots and placing more focus on Grand Design products for their dealerships' profit centers."

That means the company is expanding — again. The 67-acre complex, upon which a total of 500,000 square feet of manufacturing facilities rests, was supposed to accommodate growth for six years, but the company ran out of space in just three.

Late last year, Grand Design acquired 50 acres of property across the street from its main facility. Workers are clearing trees and the company will soon build two new 110,000-square-foot facilities. One will be dedicated exclusively to the new Imagine travel trailer line and the other dedicated to a service center.

"We need the expansion to keep up with the demand of our existing brands," Clark says. "The overwhelming response retail customers have had, especially following the creation of its lightweight Imagine travel trailer brand, dictated that the firm add more production capacity.



Donna Reese, sales coordinator for Solitude and Momentum lines, reviews the details of an order with a new dealer.



Grand Design employees team together for a "line roll."

The View from
ABOVE



Grand Design has a full array of towable products, including the above: Solitude — an extended stay fifth wheel; Reflection — mid-profile fifth wheel; and Imagine — a full-size lightweight towable.

“When some manufacturers add another brand, they simply add it to an existing production line. I think that reduces efficiency and forces a company to make brand sacrifices that prevent it from being all it could be.”

When manufacturers build multiple brands in one facility, they tend to homogenize products and make sacrifices in design, features and materials used for the sake of space and convenience within a production line, he says.

“There can only be so much space on the production floor to accommodate what goes into an RV as it is being built. With three or four products going down the same line, that means the production crew has to figure out which toilets, showers, appliances and even furniture items, must go in a particular unit.”

By focusing attention on one production line, Grand Design builders understand how to construct one model efficiently, and focus on fit and finish, ensuring the final product is built to the quality standards for which the company is staking its reputation.

“Every one of our brands is very important to us because we only have one brand per segment,” Clark says. “Our ultimate goal is for each Grand Design brand to be the best in its class.”

Grand Design will need all four production lines to be humming this year because Clark expects the firm to build more than 12,000 units in 2016. For comparison, Grand Design’s first RV came off the production line Jan. 30, 2013, and its 10,000th unit was built April 22, 2015.

“By far and away, we have the best workforce in Elkhart County. They are knowledgeable, experienced builders who buy into our philosophy,” Clark says. “Our employees are fueling our growth thanks to their attention to detail and suggestions made on how we can improve our processes.

Learning from Tiffin

Clark and the Fenech brothers take time to attend many of its dealers’ RV shows to personally meet with buyers and learn from consumers.

It’s a lesson taken from the playbook of Bob Tiffin, the founder of Tiffin Motorhomes, who is often found sitting inside an RV at a consumer show greeting customers as they wander in.

“When it comes to owner connectivity and developing a strong customer following, Bob Tiffin wrote the book,” Clark says. “When we come back from trade shows or consumer shows, our production workers want to know what kind of feedback we received from dealers and customers. They are genuinely concerned about how the products they build are faring in the marketplace.”

Clark finds it amazing how many retail customers attend RV shows just to tell the Grand Design team how satisfied they are with their coaches, or to share their travel experiences with the team.

“From day one, we wanted a personal connection and direct feedback from our retail customers. This was a main driver in breaking away from the pack and starting our own company,” Clark says. “Strong brand following is not at all a thing of the past. I think we can attribute our meteoric growth to exactly that level of following by consumers.”

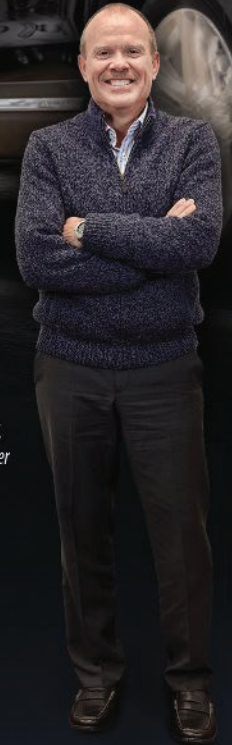


PDI Inspector Shari Ringler conducts an interior inspection. The PDI process takes approximately \$2 million off the firm’s bottom line, but Grand Design is dedicated to delivering quality products to dealers, Clark says.

Our Business Model is the **BLUEPRINT**

for RV Manufacturers of the Future!

Don Clark
CEO / Co-Owner



Rob Groover Product Manager Solitude
Nate Goldenberg General Manager Momentum & Solitude
Jerry McCarthy Vice President Service & Warranty
Micah Staley General Manager Reflection & Imagine
Peter Kinden Product Manager Reflection

Grand Design's business model is much more than just "HOT" products.

It is also a blueprint that delivers the highest quality, provides unparalleled service and builds relationships you can trust. And we have an All-Star Team that continues raising the bar for the Industry!



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