



RV REPORTER



August 26, 2008

Humpty Dumpty on RV Wall

"It's been a long time coming," said one of the group around the campfire.
"Yeah," said another. "Been getting too big."
"And it costs a fortune to go anywhere," said a third.
"Fuel close to five dollars was the last nail in the coffin," quipped someone.
"It'll never be the same again," lamented a previous speaker.
"Can't sell mine for any price," a new speaker shook his head.
"Well, ours is going to make a beautiful guest house" said a woman cheerfully.
"Mine's my only home," added the first speaker. "Gotta become a pure snowbird."
"That'll work for me, too," said another while nodding.
"Hope they can put Humpty-Dumpty together again," said a new voice.
Now everyone nodded.



For about a decade, we've all watched the RV industry sitting on the edge of the wall like Humpty-Dumpty. Although it tottered a number of times, it took the closing of Trail Wagons, a high-quality builder of Class C's in Washington State, to turn the tottering into a slight tremor. Then came the closings at Sunline Coach, National RV, and Western RV — and the tremor turned into a real shaking. Even as Humpty-Dumpty was holding on tight and trying to figure out what was happening, Travel Supreme suddenly disappeared and Alfa Leisure followed on its tail. Now Humpty-Dumpty is looking at the ground and really wondering what will happen if the shaking gets worse.

Humpty-Dumpty might or might not fall. Much depends on the politics of fuel prices and demographics. If the big fall happens, what then? Can we salvage some of Humpty-Dumpty? Is there any way we can prevent the big fall? These are the multi-million dollar questions that face the RV industry—questions that most of us don't have a clue how to answer.

One thing we can do is try to reconstruct history and maybe gain a better understanding of what happened. To accomplish this, the RVCG staff put together the following summaries of RV manufacturer closings in the last few years:

Trail Wagons: 1971 to 2005

The Chinook has been around for so long that it's often seen in the backyards of suburbia as if it were an icon of the "good years." A family-owned business since 1971, Trail Wagons started building a small camper van line primarily on the Toyota chassis. When Toyota stopped providing chassis for RVs, the Chinook continued with small Chevy and Ford chassis and engines. Early in the nineties it also started to upgrade the "house" with more fiberglass and luxurious interiors. By the end of the century, the Chinook had become a high-priced small home on wheels.

To many of us, it appeared that Trail Wagons was doing the right thing. RVers in the nineties were starting to spend more money on motor home travel. Instead of keeping up with the Joneses with a bigger yacht, many upper middle-class Americans were keeping up by having a good-looking motorhome in their front yard. And, in suburbia, keeping a vehicle in your front yard meant it had to be small. The Chinook seemed to fit the picture perfectly.

We don't know what happened. Research tell us that Trail Wagons somehow got overextended after it started producing "ultramodern" models like their Baja Edition — a very expensive all-terrain vehicle. At the time we thought it was a big gamble for Trail Wagons, but it appeared they must have had oodles of cash reserves or they wouldn't have taken the chance. Apparently the gamble didn't work. After a desperate and unsuccessful search for a buyer when creditors were threatening foreclosure, the doors of Trail Wagons closed forever.

Sunline Coach: 1964 to 2006

As JD Gallant and his group of faithful followers visited manufacturing plants, dealerships, and RV shows from 1990 on, there was never a question about the faithfulness of Sunline's dealers. For a low-priced towable manufacturer, Sunline held onto a good reputation for quality of construction and service. Not only were their products competitively priced, but the company worked hard at keeping both the dealer and the consumer happy. According to RVCG polls and surveys, this Pennsylvania manufacturer of travel trailers accomplished just that.

Sunline appeared to be on top of its game in the spring of 2004 when it was purchased by an investment group amid claims that the change would allow for the considerable expansion and extended hiring planned by the formerly family-owned company. Known for its well-built, no-frills, lightweight, trailer lines, the company used its new money to add a toyhauler, an ultralite line, and a disability-accessible trailer to their inventory.

A little over two years after the investment group took over, the workers were told to go home and not come back. It was a shock to the industry, to most of the employees, and especially to recent purchasers of Sunline trailers. Although the new owners said they were looking for a buyer, a soft retail market appeared to kill that prospect.

There are questions we can't answer. Were Sunline's plans for expansion too ambitious for the new owners' resources? Did they run out of capital in a mere two years? Did all the customer, dealer, and industry praise add up to nothing in terms of sales? Were they selling their trailers too cheaply? We may never know what killed Sunline, but fuel prices were not the cause.

National RV: 1963 to 2007

JD Gallant and his ratings staff visited the National plant a number of times during the nineties. In his comments, and from the photos that we extracted from the thick National file in our archives, it was clear that National had superb management during those years. JD mentions in his notes that Wayne Mertes, founder and president, was on the scene throughout the day and even after the lines were shut down. Raul Gimenez took over the reigns from Mertes in the summer of '99 when JD last visited the plant in Perris, California. JD

noted that Gimenez was intelligent and industrious, but a bit pushy in areas where Mertes was conservative. Because of the differences between Mertes and Gimenez, he wondered if the new president would work out. He didn't.

By spring of 2001, Gimenez had left the position and National RV Holdings, consisting of National RV and Country Coach, went back to its founders: Wayne Mertes of National and Bob Lee of Country Coach. By this time we were getting the idea that these two were definitely trying to liquidate their assets in the companies. With the economy already starting to fall apart, the 9-11 disaster seems to have triggered some downhill movement.

In the five years between the first of 2002 and December of 2007, something happened that allowed this major company to fall apart. It's difficult to say exactly what happened, but here are some highlights.

- * 2004: National starts having severe problems with its walls.
- * March, 2005: National reports a profitable year after 5 years of losses.
- * July, 2005: National reports losses due to a "softening market."
- * November 2005: National executives reject a buyout offer of \$92 million.
- * November 2005: National stock is purchased by its executives.
- * February 2006: David Humphreys, a former RVIA president, becomes a director.
- * March 2006, National reports it's "outperforming" the industry in sales.
- * July 2006: National announces that it's having severe problems with its sidewall material from Crane Composites.
- * July 2006: Brad Albrechtsen, president of National, says the company is becoming profitable.
- * August 2006: National reports \$7 million in losses for the quarter.
- * August 2006: Bob Lee resigns from board. Says he doesn't like Albrechtsen's performance.
- * November 2006: National sells, then leases back 50 acres of its properties in order to accumulate \$30 million in needed cash.
- * January 2007: National sues Crane Composites.
- * January 2007: Bob Lee (founder of Country Coach) bails out of National by selling all his stock.
- * February 2007: National RV Holdings sells Country Coach to a group formed by Bob Lee for almost \$40 million.
- * March 2007: National reports losing almost \$20 million in 2006.
- * April 2007: National stock down to \$2.18 a share from \$6.34 early in 2006.
- * June 2007: David Humphreys becomes chairman. Humphreys, an attorney, was president of the RV Industry Association (RVIA) from 1979 to 2006 and during his tenure became the industry's leading spokesman. Prior to 1979 he served for nearly 10 years as RVIA's outside legal counsel. According to reports, he is currently acting as a legal consultant to various organizations, including RVIA.

* August 2007: David Humphreys becomes CEO when Albrechtsen leaves.

*November 2007: Humphreys announces two new motorhome brands.

*December 2007: National closes its doors. Stock sells for \$.10 (That's 10 cents!) a share. Can't find Humphreys saying much on the subject.

Conclusion of Part 1: You figure it out. We can't.

Stay tuned for Part 2.

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