

Forest River Dealer-Financing Unit Offers Credit Lines, Interest-Rebate Incentives

When billionaire investor Warren Buffet bought Forest River Inc. 18 months ago, he praised the Elkhart, Ind.-based company and its founder, Pete Liegl. But while Liegl said he initially built Forest River into an RV industry powerhouse by providing "the best product at the best price" and by hiring "decent people," Liegl is now looking for ways to further increase Forest River's market share and profitability.

He's doing this in part through Forest River Financial Services, a dealer-financing unit he formed late last year that is already positioning itself to become a significant financial force in the RV industry.

Through an alliance with Providence, R.I.-based Textron Financial Corp., Forest River is offering its dealers dedicated lines of credit at highly competitive rates and terms. Forest River has also increased the incentive for dealers to quickly sell their inventory by offering to reimburse them the interest costs associated with any Forest River units they sell and pay off within 90 days of invoice date.

"We're really giving our dealers an incentive they didn't have before," Brad Mart, general manager of Forest River Financial Services, told *RVBusiness*, adding that the interest-rebate program, announced during last year's National RV Trade Show in Louisville, has already generated participa-

tion from more than a quarter of Forest River's 2,600 dealers across North America.

"We have 632 dealers now signed up and using the program," Mart said. "It's a much bigger number than we expected — and more than Textron expected, as well."

Mart added that more than 300 Forest River dealers were receiving rebate checks during the first quarter alone. "There are a number of them that are getting checks of more than \$5,000," he said.

"I think it's the best idea anyone's come up with in a long time," said Dave Wolf, president of J & C RV in Port Richie, Fla. "It definitely motivates us to move more product. It increases volume for us, so we can't lose."

Jeff Aucoin, CFO of RV Factory Outlet, which operates dealerships in Denham and Hammond, La., said he, too, likes the interest incentives. "Any time you can float some interest payments, it gives us a good opportunity to get more margin. We're taking advantage of this program at both of our locations."

Mart, for his part, said the program encourages dealers to improve their product selections and sales practices. "We're providing an incentive for them to refocus their sales approach," he said. "We're also trying to get dealers to recognize that if

you buy the right product from Forest River and price it correctly, you can make a lot more profit than may otherwise be the case. The point is, if a dealer can sell a unit in two months instead of four months, he's going to be able to sell more product and increase profits. And while there is no requirement for dealers to reorder Forest River products, our hope is that if we help increase our dealers' sales and profits then they will want to continue to do more business with Forest River."

And as Forest River dealers increase their product orders, that could grow the company's market share at the expense of other manufacturers.

But Forest River's financial prowess doesn't stop there.

Just two months ago, the Elkhart, Ind.-based company announced the acquisition of Priority One Financial Services, a 20-year-old, St. Petersburg, Fla.-based company that provides services that enable more than 600 mostly marine dealers to outsource their F & I functions. In recent years, Priority One has also provided the same services to RV dealers, but the company's RV dealer base is expected to dramatically increase as a result of the Forest River acquisition. Δ

Outsourcing F&I Can Save Time — And Help Cinch Deals

Jim Mashburn has been an RV dealer for 32 years, having opened his Jayco dealership in Jonesboro, Ark., with his wife, Helen, in 1975. But while Mashburn has obviously had his share of success selling RVs, he admits that he's better at selling and servicing RVs than helping his customers obtain the credit they need to purchase the units.

So, Mashburn now outsources his F & I function to St. Petersburg, Fla.-based Priority One Financial Services, which specializes in providing finance and insurance for RV and marine dealers across the country. F & I outsource companies like Priority One work for a split of the profits generated by the finance reserve, credit insurance and extended-service contracts.

"They do a better job than we do," Mashburn said. "They also free up our time so that we can sell more units. We make the sale and they close the sale."

It's an approach that Priority One expects to continue to market to dealers across the country. Since the company was founded in 1987, Priority One has built a business base that now includes more than 600 marine and RV dealers in more than 40 states. But the company is expected to significantly increase its presence in the RV industry following its April acquisition by Elkhart, Ind.-based Forest River Inc.

That's good news for Lisa Gladstone, Priority One's president and founder, who will continue to manage the company's operations. It also signals continuity for Priority One's customers as the company continues to grow.

"We see a lot of room for growth in the RV industry," Gladstone told *RVBusiness*, adding that the company has only been serving RV dealers for several years.

But while Priority One has its roots in the marine industry, the F & I needs of RV and marine dealers are very similar. "We provide all the functions of a dealership's full-time F & I manager," Gladstone said. "Priority One dealers benefit from our team of experienced, professional loan consultants that get their customers' deals approved, closed, and funded."

Gladstone added that Priority One's batting average in getting loans approved is much higher than that of the typical RV dealer because it has long-term working relationships with numerous lenders as well as the financial clout that comes from representing more than 600 dealers. "If we don't get the loan approved," Gladstone said, "we work at no cost."

Priority One also sells specialty RV insurance through Veritas Insurance Group, its wholly owned subsidiary, as well as warranty and service contracts, all of which can increase dealer profits, while freeing them up to spend more time with their customers. $\Delta\Delta$