

Popularity of RVs leads manufacturer to hire financial services firm

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ST. PETERSBURG -- The country's third largest recreation vehicle manufacturer has tapped Priority One Financial Services Inc. to provide finance and insurance service for its 300 dealers.

The partnership with Jayco Inc., based in Middlebury, Ind., is expected to double Priority One's annual revenue in five years, said Lisa Gladstone, CEO and president of Priority One. It also means the company will add another dozen or so employees by the fourth quarter.

The privately held company currently employs 51. Its 2005 revenue was \$7.6 million.

"In five years, we will double how we exist today," she said. "Based on the RV segment, we'll throw in another \$7 million."

The Jayco alliance represents a departure from what has been the St. Petersburg company's successful core business since its 1989 inception -- the marine industry.

"Boats we know," Gladstone said. "We felt it was important to focus on what we knew best. Now we're adding recreation vehicles. When you look at them, the RV and marine industries have similar business models."

Recreation vehicle dealers and customers also are similar to boat dealers and customers, Gladstone said. They all require finance and insurance services.

Ownership of RVs in the United States soared to record levels, according to a 2005 study commissioned by the Recreation Vehicle Industry Association. About one in 12 vehicle-owning households in the country also owns an RV, or 8 million households, which is a 15 percent increase during 2001-2005, the study shows.

The annual retail value of RV shipments is \$14 billion. About 8.2 million RVs are on the country's roads.

Most RVs are owned by people 35 to 54 years old who spend much of their disposable income on traveling.

Jayco, the largest privately held manufacturer of recreation vehicles, partnered with Priority One to provide professional finance and insurance services to its dealers as part of a new marketing initiative.

"That initiative entails us providing services to our dealers that they couldn't obtain on their own," said Sid Johnson, marketing director. "Because of our buying power, it is less expensive through this exclusive partnership with Priority One."

Jayco has about \$430 million in annual sales and 1,350 employees with a network of dealers in the United States and Canada. The company has dubbed its alliance with Priority One Jayplus F&I Solutions.

"It's a complete turnkey operation that has been very successful in the marine business," Johnson said. "The dealers have no overhead, no paperwork and need no F&I personnel. I don't know if I can pin a number on what it will mean, but professionalizing our dealerships will result in a substantial increase in sales."

Gladstone ramped up her company and made internal improvements, investing in technology to prepare for the RV business. She estimated the company has spent \$600,000 for software alone to institute custom modules to increase production. The company also will add outside sales staff for the first time.

Priority One already provides finance and insurance services to more than 600 marine dealers. Gladstone expects that business segment to remain strong despite a weakness in the industry's sales.

"When there is a downturn, we get more dealers looking for ways to improve their profitability," Gladstone said.