

BARTH EQUATES SUCCESS WITH QUALITY

BY THOMAS RUSSELL
FROM RV TRADE DIGEST OCTOBER 1988
PROVIDE TO BARTHMOBILE.COM BY
LEE SCHIEK, COLLEGE PARK, MD

Don't ever tell anybody at Barth that in order to be a success in the RV industry you have to produce a substantial number of vehicles in a year. Someone at Barth will probably look you in the face and argue, "Since when do you equate quality by the number of vehicles you produce?"

Barth stands by that credo steadfastly. In fact, the class A motorhome producer, based in Milford, Indiana, "only" manufactures 300 units a year. It would be hard to imagine any manufacturer staying in business if they produced such a minimal amount of vehicles, but for the past 25 years, Barth has maintained this approach to quality: a vehicle that leaves the plant must be met with the highest standards as possible.

It's worked for them since they first started producing high line motorhomes in 1969. Admittedly, the price of their high line vehicles is considered to be exorbitant when compared to many of the motorhomes that are produced in the nation, but there is a large contingent of people in this country who are affluent enough to afford that type of vehicle.



Barth, as one of the few high line manufacturers, is happy to oblige. "Our interest is not necessarily to become the biggest," Owner Mike Umbaugh said. "Our interest is to build the best product we can. I think we've done a good job, considering we've been in this business since 1963. There are very few companies in the RV industry who can say that."

Umbaugh attributes the quality of their product to the material Barth uses to build their motorhomes. "There are several methods in building motorhomes," he said. "Most manufacturers build on wood with aluminum skin. Some have gone more to fiberglass in the last few years. We have been building our motorhomes with just aluminum. The advantage of aluminum is you have a lot less weight, but at the same time it retains excellent strength.

With the less weight you have a much lower center of gravity, which gives you a much more stable vehicle than you would if the weight had a higher center of gravity." The other added feature of a Barth vehicle is the unitized all-aluminum frame that is mounted to a heavy welded steel chassis. It has a Z-bar type of construction, where the top section is attached to the side section. The Z-bar allows the flexibility that gives it strength. Employing the same manufacturing concept used on a jet aircraft, the frame is riveted in place using a total of 2,120 rivets. Each rivet is installed by a two-man team. It's that team, plus the rest of the employees in the plants, that Umbaugh hold in high esteem.

"We are very fortunate here to have a labor market that is very conscientious. We have people in the farm community where people take a lot of pride in what they do. Our people here are much attuned to quality workmanship, and they're not happy unless they're producing a quality product." According to Umbaugh, it's that attention to

detail that has limited the company from trying to achieve high numbers. But that suits him fine. "Sure, we try to have a percentage of increase every year, which we have done every year, but what we are looking for is a controlled growth. We determine how many we want to build the following year. Our



Pictured Above: Travel trailers were Barth's major products for the first five years of the company's existence.

numbers will vary, of course, based on the mix that is ordered. Obviously, it takes less time to build a simple 22-footer than it does a very complicated 40-footer, not only because of its size but also because of the added things you include in a larger vehicle.

The mix will change in the marketplace each year. We've seen times when there is a demand for smaller coaches. But right now we're in a period where the demand is for the very large coach," he said. Barth hasn't always been producing motorhomes. Bob Barth, considered to be one of the pioneers in the travel trailer industry, left his first company, Beeline, to start another travel trailer company bearing his own name. The company wasn't a large producer, but its main theme was to produce a quality, all-aluminum vehicle. He intended to design a method of construction that would remain for years to come. He achieved that goal by passing on the inherent value of the construction process to Umbaugh and the rest of the company. For five years it was business as usual, until Barth decided to sell his business in 1968.

Though the business was increasing, he felt it was time to pass the torch to someone else. Umbaugh was the prospect Barth was looking for then, though Umbaugh had absolutely no experience in the RV industry. Umbaugh's biggest interest in the business world was banking. But he saw the window of opportunity open up with Barth, so he couldn't resist the challenge. "I'll admit it was a little bit crazy," he remembered. "I was looking for a company that had some potential. I bought this company primarily because I felt the market would get stronger, and we thought the motorhome market was coming into its own. "Even though I didn't know anything about this business, I never considered it a risk. You never do anything by knowing all the answers before you get started. I made it work because I had the confidence in my ability to solve problems."

Umbaugh's goal mirrored the same desires every businessman has - just to make the company bigger and to continue Bob Barth's adherence to building the best quality product. However, the travel trailer business was going to be the side light product instead of the main income generator. The motorhome business was still in its infancy stage when Barth's first motorhome came out in 1968. Bob Barth's manufacturing influence was still apparent in that first motorhome, since the construction was still all aluminum. Eventually, by 1970, the travel trailer business was phased out. Barth's motorhome almost immediately became a popular product in the

marketplace, garnering its share of the affluent luxury motorhome market. But in 1973, like so many other flourishing businesses, outside economic factors would prove to be character builders. Barth certainly wasn't exempt from experiencing the windfall - but they had an ace up their sleeves. "The day before we heard about the energy crunch we had shipped 40 motorhomes by caravan to Texas," Barth said. "We had dealers pick up their motorhomes, and we even had a little party for them. Then when we got half way home, we heard about the crunch. At that point there was no market for motorhomes.

"However, we had been talking with Chevrolet prior to leaving on the trip to Texas about how our type of construction would be excellent for what they called a high cube van. As it turned out, three days later, we looked very seriously about getting into high cube vans. It gave us a market we hadn't been in before. Chevrolet was pleased because all of a sudden they had a high inventory of chopped vans they didn't know what they were going to do with. It worked well for both Chevrolet and Barth because a bunch of high cube vans were being sold to Chevrolet dealers throughout the Midwest. That's what helped us through the crisis."

Fortunately, Barth didn't suffer very long. Oh, they built a motorhome on a few occasions, but nothing like what they had seen before 1973. The energy crunch forced Barth to re-direct their efforts to develop a separate but viable part of their business. With the type of construction they had, they knew they could diversify its application toward other businesses.

Enter the special vehicle market. Barth found a demand for commercial units, primarily for mobile laboratories, medical clinics, and mobile display units. Soon to follow were dental labs, industrial display units, remote TV production units and libraries. Barth's established production capabilities culminated a couple of years ago when singer Paul Simon asked Barth to produce a medical unit to help the poor in New York. Cornell University financed the project. The commercial division has augmented the prosperity of the rest of the company, securing 30 percent of all the business.

The bread and butter Barth concentrates on, though, is the luxury motorhome business. Barth has developed a steady reputation with the public as evidenced by the fact that many of the orders are from people who have heard about the company. Though the units are sold by dealers nationwide, some of the orders are too complicated for the dealer to handle.

When that happens the customer can actually visit Barth's facilities where he can watch them design and build the product to suit the needs of that particular customer.

Since Barth has been producing high line motorhomes at the outset, they have had to deal with the stigma that their product was among the highest in the market. In order to produce the kind of quality Barth was looking for, it was necessary for the company to sell their motorhomes at a high price. But Umbaugh has noticed that many of the other high line, and even mid line-priced manufacturers, are catching up with them in price. Consequently, first time buyers who might have overlooked Barth because of the price are now seriously considering buying on of their motorhomes.

"One of the reasons for that is the fact that a lot of coaches that were lower priced have caught up to us in cost. They're having to change as much as we do," Umbaugh said.

"As an example," he added, "our 28 footer was considered to be the highest-priced one ever built. Other companies, because of their cost factor in the fiberglass and other things, are no where the point where we were years ago in cost. Now we're finding we are very competitive with their motorhomes that were earlier considered to mid-line. We had the price stigma for quite a long time. Aluminum has not gone up that much in price, but fiberglass sure has because it is an oil-based product. "Plus the fact I think other coaches have become more sophisticated. They've now gotten to the factors we've been experiencing for a long time. We were the leaders in putting a lot of innovative things into our coaches. For instance, we were the first one to have the back up camera monitor. We were the first ones with the tag axle for the larger coaches." Along with the cost of all the new products that have been introduced in all motorhomes, Umbaugh - and all motorhome manufacturers for that matter - has had to contend with the escalating price of the chassis over the past few years. To compensate, Barth has had to pass the cost to the dealer unfortunately. But he also has offset that cost by trying to achieve better efficiency in the plants. "It's fortunate to see a more realistic increase in the cost of the chassis recently, though," Umbaugh said. Being a luxury motorhome manufacturer can be tenuous, especially if there is a shift in the economy for the worse. It hurt the company somewhat when the recession hit at the beginning of the decade, but Barth was diversified enough at that point to pull through it. But what will happen if the predicted recession hits in 1990? "We've been fortunate for

this long," Umbaugh said. "I think the economic indicators right now tell us we're a year away from another downturn. Hopefully, that will be put off further than that. I don't think anyone can tell for sure. But one of the reasons we started the commercial division was to offset that type of economic fluctuation. Sure, the RV market has its ups and downs, but it's been pretty steady the last few years. It's not like the automobile where it has become a necessity for a family's lifestyle.

The RV certainly can be one of the things people tend not to buy when the economy is poor." Knowing what he knows now about the RV business, would he have gone into this business instead of the banking business? "I've gained a great deal of knowledge over the past 25 years," he said. "I definitely would not like to start this company from scratch. You certainly don't see many companies trying to come into the marketplace now because it's so much more sophisticated. We've entered the computer age, where a lot of components are computerized. It makes it a more fool-proof vehicle than it has in the past. To be in this business you really have to look into the future." What does 25 years in business represent to Umbaugh? "This business has been a lot of fun," he said. "It's meant a lot of satisfaction to see the company grow like it has. It's even more satisfying to work with all the people here who have helped make it grow. It certainly has been a very challenging industry, but that's what makes it fun."