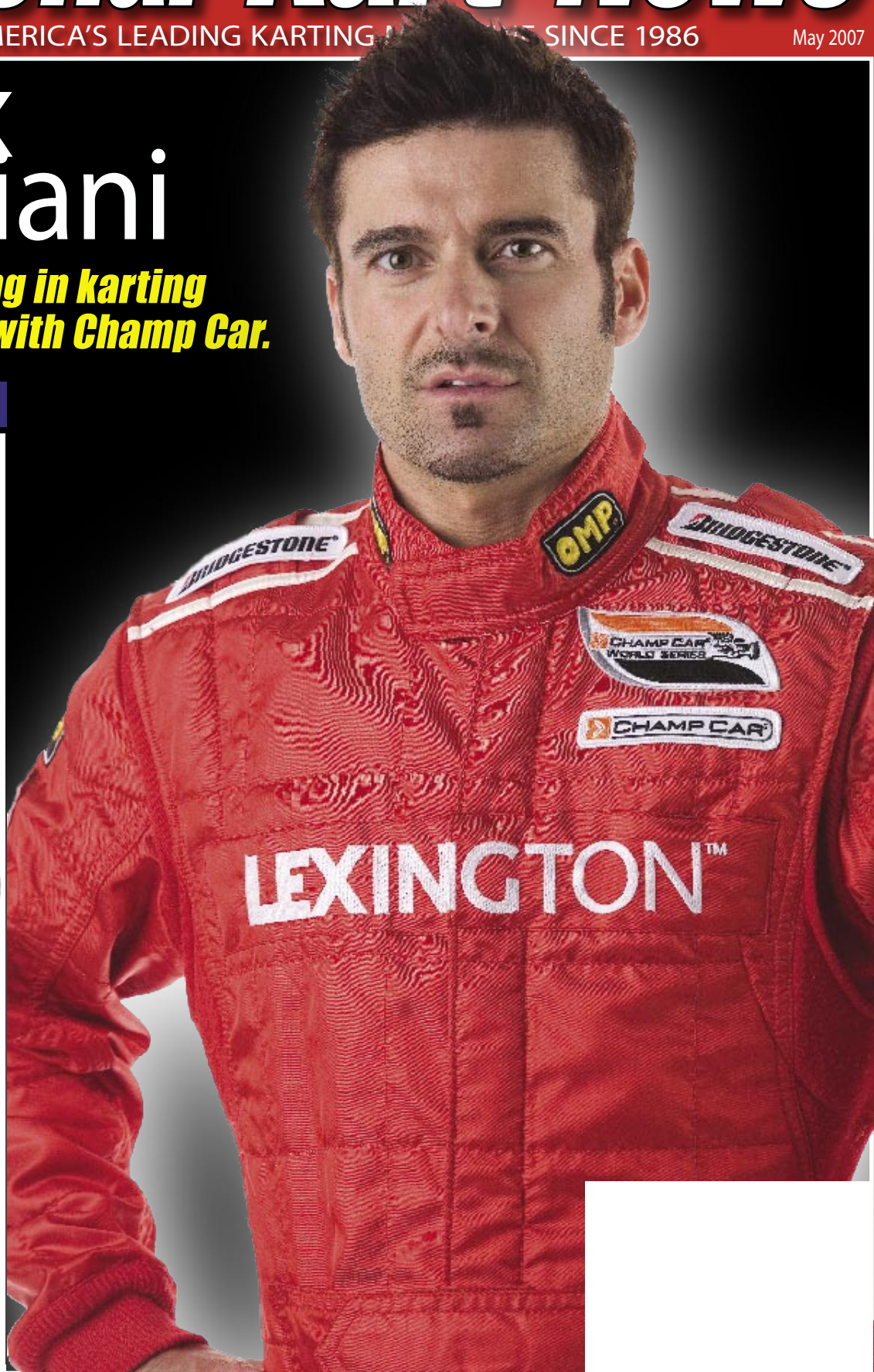


National Kart News

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OFFICIAL ROTAXIAN NEWSLETTER INSIDE!

United Trailers Masters At Customizing

By Thomas A. Russell

Finding a niche in any marketplace can take years to accomplish. Some companies fail miserably, allowing themselves to be reigned in by more established, consistent companies.

When Warren Johnson formed United Trailers in 1989, after putting his time in at Haulmark Industries, it was with the resolute belief that he could stand out in the crowd. As a racer already, he knew there was something lacking in the trailer market.

What he didn't want to do, however, was to make a cookie cutter trailer that anyone would be able to slap together in an old, dilapidated warehouse and sell it as the next best thing. He wanted to be able to listen to a customer and design and custom manufacture a unit.

"Our innovations are in the notion that if you can draw it, we can build it," Mitch Herald, Vice President of Sales and Marketing, said. "You have to allow yourself to look outside the box and visualize something happening, rather than saying something can't be done."

When the company's first product, the United Car Carrier (UCC), came off the production line in Bristol, Indiana, it didn't necessarily take the trailer industry by storm. But it did lay the groundwork for what was to come in future years.

Johnson learned early on in order to allow people to know what United Trailers was about he had to utilize his experience in the racing community and be a presence at racing venues. That has never changed.

"When I go to a race, I don't sit in the grandstands," Jeff VanderVliet, account manager,



Fame, Advance Auto Parts Thunder Series, Bruce Litton Racing, Sticker Dude Racing and other minor sponsorships throughout the year.

It took some time to reach that level of recognition, but Johnson kept the company on the fast track, improving the company's sale figures each year. But with that growth came the stark realization that his company could not longer remain status quo. It had to go to the next level, a path Johnson was not prepared to tread.



First trailer, April 17th, 1989 United Expressions, Inc.

said about his role with the company. "I'm in the pits, whether it's during practice or a couple days before a race, learning what people like or dislike about their trailers."

"I have a lot of people call and ask if they can get a trailer they saw at the track, so I ask them if they have the serial number. I can get an engineering print to the dealer in his area. We try to explain that we're doing a lot of things companies either don't know how to do or not interested in doing. Our customers love that."

VanderVliet even has a PDA that offers over 200 pictures of units already sold. "The facial expressions alone are priceless," he said. "It's an instant confidence builder when we can show





"It makes sense from a business standpoint obviously, because they're going to take whatever they learn and apply it to their jobs," VanderVliet said. "But think of the impact it has in the racing industry, whether it's ownership, working the pits or on the track. Those are the people being trained today for tomorrow's racers. We're just planting a seed."

Of course, their business philosophy is not altruistic. They're in the trailer industry to sell trailers. A lot of them. The key, Herald maintained, is to stay focused on the yearly goals and look at ways to improve efficiency in an already diluted trailer market.

"It's a relatively inexpensive industry to get into, so many new less established manufacturers have come into the market," Herald said. "This has forced all of us to be even more customer and dealer focused. The pie hasn't necessarily gotten bigger, but the slices have gotten smaller."



"We don't negative our competitors. For every reason I can tell you why we build a good product, I can tell why somebody else builds a good product. But we like to talk about where we excel—the fit and finish, being able to get a hold of us after hours and weekends and the quick turnaround in getting orders finished.."

"Many customers see the product as a commodity and sometimes do not bother to look at the materials used in making trailers. Any manufacturer can make products less expensive by using cheaper materials. However, does the customer bother to look at the differences in materials or differences in the dealerships? We need to focus on empowering our dealers with the knowledge of how United separates itself from our competitors with features, dealers and people."



Quality is United's Primary Focus

United Trailers didn't get to their esteemed status in the trailer industry by accident. It took years of utilizing the current knowledge of how to make a unit and perfecting the production process. They would be the first ones to admit it's been a struggle, but when they got the pieces finally in place, they've been able to manufacture trailers in mass, but at the same time produce custom made trailers much faster.

"We simply did it by moving the smaller cargo trailers to the different lines and focusing on the higher dollar units in the bigger lines," Mitch Herald, Vice President of Sales and Marketing, said. "Business is up 25 percent from last year, but more importantly the dollars are up, which means we're going in the right direction as far as marketing to the racer."

To do that they have to charge more since they're so much more in construction of the unit. "It's only fair," Herald maintained. "You can't call Ford and tell them to put a Blaupunkt stereo in your Mustang (as a standard item). You have to use the aftermarket to get what you need."

In addition, they painstakingly design units with the end user in mind. There's a pretty good reason why they stand by their product with its limited five year warranty. Make it right the first time with the most durable materials and they don't have to worry about the back end problems.

Among the standard additions to their trailers are:

- The rear corner posts and header are made with 12 gauge steel to give the ramp door a solid framework.
- Ramp doors are safer and easier to operate with weight calibrated spring actuators and welded dual cable supports.
- An extra wall post is added to the front and rear of each wheel area to provide added support for the wall.
- Trailer-rated radial tires and axles provide maximum performance and safety.
- Heavy duty steel square outriggers are welded to the outer wall for added stability and strength.
- 18 gauge steel roof bows and 16 gauge steel wall posts provide solid upright support.



- 14 gauge steel top rails are used to frame a stronger, straighter roofline.
- Two heavy-duty steel I beams provide a solid foundation.
- 14 gauge steel cross members run between the I-beams to support the floor.
- Each trailer has a special barrier to minimize corrosion from electrolysis
- The hat post/sidewall construction doubles the number of sidewall weld points and increases the strength of the framework.
- The lower section of every trailer is sprayed with a special Z-Tech undercoating.

That's a great deal of steel, but Herald explained how it makes more sense to use steel over aluminum.

"There are a lot of folks out there who think aluminum, because of the lighter weight, would give more carrying capacity," Herald said. "But all you've done is used twice as much aluminum to get the same strength capacity (as steel). So by the time it's built you may gain 200 pounds of cargo capacity, but the price difference between aluminum and steel is so significant.

"Plus, people want to talk about how steel rusts. We use Z-Tech undercoating. Aluminum oxidizes, so if you don't keep it clean or maintain the undercarriage of your trailer you're still going to experience problems."

All this attention to detail is not without a cost, to be sure. The cost of materials potentially could be extremely cost prohibitive, but they certainly haven't seen it in the units shipped. The plan is to ship more than 4 million dollars worth of trailers in a month.

With the demands of China becoming an economic power, Hurricane Katrina creating a need for steel, plywood and aluminum to build homes and the increase in demand for RVs to create temporary shelter, Herald said it has created a supply and demand scenario. He indicated where raw material costs have stabilized somewhat, but the margins are not the same. The key is to manufacture more efficiently and to catch any production problems before it gets to the end user.

To do that they have quality control teams meeting every Monday and Friday morning to inspect trailers in a smoke room, which blows smoke on a trailer to see if there are any leaks. If they do find a design or manufacturing defect, it allows them to define the problem before it gets on the field.

Herald believes that United's responsibility is to design and manufacture the type of trailer that a racer can count on and not even think about it. "Our goal is to continue to provide what the customer truly needs. We do not build cookie cutter floor plans. We offer an array of amenities to suit what racers and their families desire and need for their sport. United Trailers continues to build units that our customers want, the way they want it, with the quality and care they deserve."



Early on, Johnson understood about the "you can pay me now or pay me later" syndrome. The days of just slapping some steel, plywood and aluminum on a frame and call it a bona fide trailer are long gone. United Trailers reasoned that if you do it right the first time, it not only creates less headaches in repairs but it also increases the integrity of the company.

That's why they stand by their limited five

year warranty on everything that goes off the production line, a rarity in this industry, Herald said.

With over 20 years experience in the RV industry, he said the norm was to accept a two percent warranty expense. So when he came on with United Trailers over two years ago, he was amazed how the company maintains a warranty expense of two tenths of one percent.

"It is vital to sustain our existence," Vander Vliet added. "We do the best we can every day and feel good about what we're doing. But at the same time, we never rest on our laurels. The beauty of this company is we're just getting started, and with the ability to listen to our customers we can be open minded and have true conversations with people. You can get calloused and just say 'hi' while you try to listen half heartedly to what they say back to you, but racers are more astute than people give them credit for. They're passionate about what they do, and that causes them to leave no stone unturned about what they want."

They know quality when they see it, as well.



"Dealers are constantly saying that they carry different manufacturers, but ours is the best in terms of warranty. In the RV industry, you can see money arriving in barrels on the front side only to see it thrown out into a dump truck on the backside. More importantly you suffer the lack of credibility. Who wants to go out and try to find new customers all the time when you can maintain the loyalty simply based on giving them a product they know is going to last a long time. To me that makes more sense." That's how they approach dealers.

"When we set up new dealers," Vander Vliet said, "we try to make them an extension of us and not someone with just a pulse. They need to understand the quality of our product in order for them to sell for us. That's why we re-evaluate our dealers every year to see if they're on the same track as us. We can build the best trailer out there, but if you don't have a dealer body who can sell it capably for us, it doesn't bode too well for anyone."

It would be easy for United to eliminate the middleman and sell directly to the end user, but Herald vehemently put that issue to rest. "We're not going to backdoor our dealers," he said. "That's unfair to them. Why risk the relationship we have with our dealers over a trailer that I might be able to throw another 10 percent on and then lose a dealer who is selling \$2.5 million in trailers for us. It's not going to happen."

The dealer body is in a position to stay on top of the game because United Trailers is in a



developed a system that is not cost prohibitive to some racers. Where it normally cost customers over six figures, they've managed to keep the trailers in the \$75,000 to \$99,000 price range. "We didn't just slap it together and put it on the market," Herald said. "We researched it in detail before we introduced it at the Performance Racing Show recently."

With all the introduction of newly designed units and the increase in sales, the company has continued to add plants across their expansive acreage. Several plants are scattered around the compound, all serving in different capacities. It's been a work in progress coordinating all the facets of

production, from the welding, to the construction of the shell, to the painting and to the options bays, but the goal for the company is to measure their success by how many units they can produce a day coupled with the quality standards they've been able to maintain each year.

It used to be where 28 units a day was considered a somewhat acceptable goal, but as the demand has grown for their product, it has pushed that goal even higher. Amazingly,

increase production to close to 50 units per day. Two years ago they were out 18 to 20 weeks before the end user got it in his hands. Through more efficient operations, moving the trailers in three production lines from the most expensive to the least expensive to produce, the turnover has been reduced to 4-8 weeks.



constant mode of innovation, or at least in the planning stages of moving forward to make the company unique.

They have already established an exclusive partnership with Arctic Cat Green to give their trailers an attractive two-tone scheme. In addition they have innovated their own lift gate system for the higher end trailers. It's not new to the IRL or NASCAR circuits, but United Trailers has

They currently have nine bays just for options. That's the company's bread and butter, the reason why they have created such a niche in the trailer market. The key, VanderVliet suggested is to keep United Trailers uniqueness and its affordability to forefront. "They may not buy a United Trailer the first time," he said, "but if we maintain building a quality trailer and get our name out there on a consistent basis, we'll most likely get them the second time around."

"What I find interesting about this company that sets us apart is we recognize our identity is more of a custom product. Our second focus is making a generic product. If it was the reverse, I think the custom product would be hard to make for us and not as important."

It's been a challenge, Herald agreed, but it's one that must be met in order to see the company succeed.

"We have to continue to make the manufacturing process more efficient," he said. "There's still a lot of labor involved. I'm not a

fan about getting the human being out of the equation, but at the same time that's an expensive part of the process. In our industry, there's very limited robotics, limited automation, so you have to look at ways to integrate enough that would make some sense.

"There's also other materials that can be used as far as framing both the interior and exterior, which can be fiberglass, filon, FRP or whatever it might be. This industry is where the RV business was 10-15 years ago. Everything points to making some radical changes, but how long can you build trailers with steel, plywood and aluminum until it gets to be the same thing to the end user."

Add that to the skyrocketing costs of raw materials and it causes some concern, increasing about 25 percent, Herald said. Margins have decreased considerably over the past five years. With the increased competition and the investment into a \$25,000 scale that NHTSA required, it could shake any company off its foundation.

The obvious option would be to pass a long the cost to the karter, since they've seen price increases in their chassis, tires, wheels, axles and fuel, but Herald said United Trailers decided not to go that route.

"Manufacturers raised their prices, 2.75% last year, but we said no," Herald said. "We're going to live with those prices at the present time. But the more important issue is



how are we going to look at ways to become more efficient and look at our vendor to get the same quality raw materials that are less expensive?"

Staying ahead of the curve is also key. In an industry where research and copy is the norm, innovation is the integral factor in staying ahead of the game.

"Someone can bring something quicker to the market that is revolutionary," Herald said. "When Chrysler came out with the mini van they were ahead of their time. Now their market share has dropped, but they're still the number one producer of mini vans.

"If we come out with something that will make production faster, we'll be in front of our competitors. And if it works, it's going to go through the industry and be copied. We're looking at alternative materials to decrease weight but increased carrying capacity. It will radically change what a trailer is thought to be."

Herald wasn't at liberty to discuss what those plans are, but United Trailers is not one to be comfortable with the status they've achieved. They're intention is not to be yesterday's news.

"From United's standpoint, we're always looking at the right partnerships, the right synergies with the right associations. When someone cuts his finger, he thinks of Band Aid; that's a brand name of an adhesive strip. When you think of race trailers, we want you to think of United." **TKL**