

Speaker: General Manager of Fleetwood's Decatur plants where the '04 American Coaches are built.

[AD LIB BASED ON [NAME]'S CLOSING COMMENTS]

As you heard last night and this morning, the all-new 2004 American Coach was built based on the specifications of the customer.

They spoke. We listened. We designed.

And now we're building.

I think it's also been made abundantly clear that we expect a big demand for this product.

The thing is, our Plant 44 in Decatur has been operating at peak capacity for some time now. We are producing 70 diesel RVs per week between two separate production lines — a record rate for this plant.

With the launch of the 2004 American Coach coming up next month, we knew we needed to boost production to meet demand.

What we decided to do was, I think, quite strategic.

Some of you may remember us closing our other Decatur plant, Plant 52, a few years ago. Well, we recently reopened Plant 52 in order to extend our American Coach production line into it.

Rather than starting from scratch or trying to do it all at one plant or the other, we moved seven workstations from Plant 44 into Plant 52. These are the workstations responsible for building the American Coach from the Liberty Chassis assembly through the floor assembly.

We then ship that completed assembly across town to Plant 44. With all the extra space at Plant 44, we were able to extend the length of the rest of the production line located there and, as a result, increase our line rate.

For those of you whom I've just lost, let me explain: Despite the fact that we are working on a 40 foot motor home, there are still limitations as to how many people can work on an RV at the same time. By breaking up the more labor-intensive workstations into several separate smaller workstations, we are actually able to eliminate bottlenecks by allowing more people to work on more RVs at the same time.

As a result, we can build more RVs at a faster rate.

But just because we're increasing capacity...

...I am here to assure you that quality will not be compromised.

In fact, as Scott mentioned yesterday, Fleetwood has definitely been doing its part to invest in quality improvements.

Let me tell you about some of the specific things we're doing:

In the past 24 months, in the Decatur plant alone, we've added 19 new employees dedicated to improving product quality.

Eight of these people are a part of our quality verification system or QVS. Our QVS personnel are integrated into each production line at Plant 44 — four for each line. Their job is to inspect for fit & finish issues as the assemblies move through the plant, rather than waiting until the RVs reach the end of the production line.

The other eleven new staff members are essentially continuous improvement technicians... highly seasoned technical experts who bring a lot of experience in the area of quality assurance to our plant floor.

They are responsible for problem solving, increasing efficiency and, above all, for identifying — and eliminating — functional issues.

Functional issues include such things as making sure all the appliances work every time or that the home theater system in the RV is hooked up correctly or that all the outlets have juice.

As an RV comes off the line, we conduct a 300-point Pre-Delivery Inspection of functional items from the most basic to the most complex. We test each item several times to make sure everything works the way it is supposed to.

All issues — both functional and fit & finish — are written down on big whiteboards at the end of each production line.

These whiteboards serve several purposes: They provide a “status at a glance” of all the issues we are dealing with. They provide us with an action-item list of issues that need to be resolved. And they allow us to track the issues back to the workstations responsible for them.

The people who work at these workstations don't go home until each issue they are responsible for is corrected. Let me tell you, that alone has motivated a lot of people to do it right the first time!

And every day I see fewer and fewer items on the whiteboards.

A key quality measurement for us is the number of RVs found to be defect-free during our Pre-Delivery Inspection; in other words, not one of the more than 300 items on the checklist is a defective.

In 2001, our numbers were not bad: plant-wide, we had 78.3% defect-free RVs at Pre-Delivery Inspection.

In 2002, over 80% of our RVs were defect-free at Pre-Delivery Inspection.

Our fiscal year 2003 just ended in April, so I have data for all of this past year. I am proud to announce that over 93% of our RVs were defect-free at their Pre-Delivery Inspection. Obviously, our new quality initiatives are working!

One point I want to stress here is that our quality numbers are continuously improving at the same time production rates are increasing. As production rates continue to rise, we expect our quality numbers to continue to rise as well.

I've been in this plant for a little over a year. My philosophy is that quality starts with management. If management doesn't have the right attitude, no one will. Quality needs to be ingrained in everyone's mind.

So, it makes me happy to hear people in the plant say things like: "We're getting really picky." That tells me I'm doing my job.

But we have to be picky; our customers — yours and ours — are getting pickier. They are not going to put up with poor quality, and frankly, neither are we.

When it comes to quality, I think we have come a long way. But I don't consider my job done. We've got the fundamentals in place, and I promise you'll see further improvements in the future.

My goal is to constantly raise the bar, year after year. And it won't be long before every RV we produce is ready to deliver the first time, every time, defect free.

Thank you!

[WAIT FOR APPLAUSE]