



Airxcel CEO shares his thoughts on strategy and European expansion

We caught up with Mr. Rutherford during the 2019 Elkhart Open House week to talk about the company's growth strategy for the European market.

Words Craig Ritchie - photos Craig Ritchie & Enrico Bona

Jeff Rutherford has enjoyed a long and fruitful career in the North American RV industry. Following eight years as vice president of Carefree of Colorado and nine more years as president, he joined Airxcel in June of 2013 assuming role of chief operating officer. Promoted to president in 2015, he was named chief executive officer the following year, succeeding company founder Mel Adams who retired following a 25-year tenure. Mr. Rutherford currently sits on the board of directors at the Recreation Vehicle Industry Association (RVIA) and was recently appointed to the board of the RV Technical Institute. Charged with the stewardship of iconic brands including AquaHot, CAN, Coleman-Mach, Dicolor, United Shade, Vixen Composites, Maxxair, MCD and Suburban, Jeff Rutherford is a champion of Airxcel's European expansion plans. With its recent acquisition of Italian cookware supplier CAN S.r.l, the company has formed AirxEU to serve the European market and appointed former CAN partner and caravan industry veteran, Paolo Moresco, to head the AirxEU operation.

So the timing of those things just happened to coincide. It was part of our plan from the start, but it just happened to work out that now is the time to make this move.

If you look at Airxcel's portfolio, you see a collection of high-quality brands. CAN is a high-quality brand in the European market that we thought would be a wonderful fit for our portfolio. We're already in the gas appliance business, so leveraging our skills, knowledge, supply chain and so forth with a brand that can offer that seemed to make a lot of sense. It was a logical acquisition. It allows us to establish an actual presence in Europe with a manufacturing facility, with a distribution facility, with a customer care facility. To be successful in any market, you have to be relatively close to your customers.

ket in Europe from the beginning rather than modifications to?

Jeff Rutherford: The intent is to produce, or at least provide some level of final assembly or modifications to, products in a location as close to our customer as possible. So we'll do that with all of the products that we intend to bring to that market. Initially, we'll be importing products from our US manufacturing businesses. Eventually we'll be doing assembly work there as well.

CAN is a manufacturer and through the acquisition we have acquired a manufacturing facility. But really what it does is it establishes a starting point that we can expand from. When we talk about assembly, we don't necessarily plan to duplicate all of our tooling. We sell our air conditioners, for example, all over the world and it doesn't make sense to duplicate all those injection molded tools. So parts will be produced wherever that source happens to be and the assembly work, like the charging and welding will be done locally.

Aboutcamp BtoB: And will that be the long-term goal or is the long-term goal to do manufacturing for the European market?

Aboutcamp BtoB: This is an exciting time for Airxcel, with the formation of AirxEU and a new commitment to Europe.

Jeff Rutherford: Airxcel has been a major supplier to the North American RV industry for many years. Europe is the second largest market in the world for recreational vehicles, and part of our strategy now for the past couple of years to grow via geographic expansion. The acquisition of Hymer by Thor brings some opportunities with it, including the opportu-



Airxcel family of brands for the RV industry





Jeff Rutherford (left) with Paolo Moresco (right) at Caravan Salon Düsseldorf 2019



Aboutcamp BtoB: And is there going to be a substantial difference in the product that is sold in Europe?

Jeff Rutherford: Yes. What we have done, and what we're continuing to do, is develop products specifically for the European market that are focused on design, weight, and performance characteristics that are unique to that market, as opposed to trying to fit a North American product into Europe. Obviously there are different regulatory requirements, and CE ratings on most products are required. They're not significantly more challenging for us to overcome than a UL/CSA approval in the United States, it's just a different set of tests that we have to perform.

Aboutcamp BtoB: Are tariffs a concern given the product will be shipped to Italy for completion and assembly?

Jeff Rutherford: Tariffs are always a concern because they're an unknown. But when you think about doing final assembly in Europe, the tariffs really become a non-issue. Eventually, the country of origin will be in Europe for most of the products so you're really talking about components. Even with our existing product in North America, we battle tariffs all day long, but we're still able to be a low cost producer by importing components from throughout the world and doing the assembly in North America for the North American customers. And that's still far more cost-effective than paying a tariff on a completed finished good.

Aboutcamp BtoB: How might the personnel structure look for Airxcel in Europe?

Jeff Rutherford: We're set up as groups, so we have an RV group North America, which is run by Kevin Phillips. We have a commercial industrial group in North America, which is run by Chris McBride, and this European group will be run by Paolo Moresco. Each of those group presidents report directly to me.

Aboutcamp BtoB: And how independently will the Airxcel brands operate under AirxEU?

Jeff Rutherford: That is an interesting question. In North America every one of our brands operates independently, and each of

About Airxcel

Facilities: 8 across North America, Europe and Asia.

Number of employees: 1,400

Sr Mgmt. Team:

- Jeff Rutherford, President and CEO
- Debi Jones, Chief Financial Officer
- Paolo Moresco, Managing Director, Airxcel Europe

Airxcel began in 1991 when the Coleman company divested their Coleman RV Air Conditioner division to a group of company executives. Since that time, the company has continued to grow through innovative product development, market expansion and strategic acquisitions. The Airxcel RV Group provides industry-leading products in recreational vehicle heating, cooling, ventilation, cooking,

window covering, side wall and roofing materials under the brands: Aqua-Hot, CAN, Coleman-Mach, Dicor, United Shade, Vixen Composites, Maxxair, MCD, and Suburban. The Airxcel Commercial/Industrial Group provides highly engineered cooling and ventilation solutions for telecommunications, energy development and storage, and education/multi-tenant housing industries under the brands: Marvail, Eubank and Industrial Climate Engineering (ICE). Airxcel's 1,400-plus employees are based in eight facilities across the U.S. Europe, and Asia, and design, manufacture and distribute products all over the world. Airxcel is majority owned by the global private equity firm, L Catterton. Learn more about these trusted brands at www.Airxcel.com.



those brands is managed by a division president and they're responsible for the product and the profit and loss of that particular division. Products that will be shipped to Europe, whether it's an air conditioning product or an Aqua-Hot product, will still be designed and engineered by those product experts in those locations, and they'll have control over the performance and how the things work. When they go to Europe, Paolo will have the ultimate decision on pricing and things associated with managing that marketplace. So it's a bit of a hybrid because the technical expertise will still exist where the products are engineered, but ultimately the decision for the European market will rest with Paolo.

needs of our customers. To the extent that appropriate branded products become available in the European market that meet our criteria for quality of brand, quality of product, cultural synergies with our business model, we'd be pursuing those.

And again we'll do it very similar to the way we do it here. We'll keep the management teams and manufacturing locations intact. We've identified several quality brands and products that fit that criteria. But an acquisition would have to be at the right time for us, at the right time for the company, and the right time for the customer. When all those line up, then we're able to do some things.

Aboutcamp BtoB: Why pursue an acquisition strategy rather than expand your footprint in Europe through a joint venture or a third-party distributor?

Jeff Rutherford: Third-party distribution has advantages, but it inevitably adds another layer into the process, and another profit margin that needs to occur. So there's a cost associated with distribution. It may work with an aftermarket product but it's not the most cost-effective way to reach your customer at the OEM level. Joint ventures also has certain advantages but the trade-off is control. For our purposes, joint venture and acquisition strategies are equally appealing.

Aboutcamp BtoB: When Airxcel announced the acquisition of CAN you made a remark that this is the 'first of many.' Can you elaborate on that?

Jeff Rutherford: If you look at the North American market there has been tremendous consolidation, both at the manufacturer level, the supplier level, and the dealer level over the past several years. That consolidation has not been as rapid in Europe as it has been in North America, but the trend is likely to continue in Europe as well. When you think about Airxcel being a house of brands, what we're looking for is branded products that satisfy lifestyle

Mr. Rutherford (on the left) in conversation with our editor in chief at Caravan Salon Düsseldorf 2019

