



The DexKo Formula



DexKo Global president and CEO Fred Bentley champions a vertical integration strategy that addresses the unique challenges and opportunities of today's business environment

Vertical integration has always been a core strategy for Novi, Michigan-based equipment manufacturer DexKo Global.

The idea of assuming direct control of its supply chain was intended to provide the advanced chassis assembly manufacturer, with fabrication facilities in around the world, with production bases local to its core markets while assuring greater quality control. In fact, the strategy has protected the firm from the external headwinds that have rocked manufacturing concerns worldwide in recent years, including tariffs, supply chain backlogs and today's continuing logistics nightmares.

Beyond providing cost and supply certainty, DexKo's integration strategy has allowed

the company to grow its business footprint in a variety of complementary markets and geographies, serving a more diverse range of customers across a truly global footprint with a broad portfolio of respected brands. Having completed no less than 27 major acquisitions since 2012 – most recently including its purchase of National Trailer Parts Warehouse in mid-October and Brink International just two weeks earlier – the company today represents one of the great success stories in the recreational vehicle industry worldwide.

Fresh from having been itself acquired by Brookfield Business Partners in October (closing), DexKo is uniquely positioned to leverage its considerable strengths and further grow its stake in the chassis technol-

ogy sector. President and CEO Fred Bentley spoke with AboutCamp BtoB's Craig Ritchie and Antonio Mazzucchelli about the benefits of DexKo's vertical integration strategy, and its impact on the challenges and opportunities presented by today's dynamic business environment.

Aboutcamp BtoB: Supply chain seems to dominate every conversation today, as it has since the beginning of the year. How has DexKo been weathering the storm?

Fred Bentley: Supply has been a challenge, no question about it. But I'm proud to say the DexKo team has done an incredible job of managing through it. We have a strong, vertical manufacturing

model, which gives us more control over our supply chain as well as the ability to shorten lead times and respond more quickly in a highly dynamic market. We have developed a number of suppliers to support that high level of vertical integration. As a result, we have been less impacted by a lot of the issues around supply chain and logistics that others are facing.

Aboutcamp BtoB: That's quite interesting. So has there been no impact on the company's overbook and delivery schedule?

Fred Bentley: Overall it has been a comparatively minimal impact. We target to have a five-day lead time in our North American business. Right now, we're running one day past that. It's the flexibility of our system and our high level of vertical integration that allows us to react. We watch the supply chain and logistics situations, and we monitor labor issues, which is pretty straightforward. We pay attention to where we manufacture product, and make sure that we are adjusting to be as effective as we can. We want to make sure that we continue to develop suppliers that can get us product when we need it. We want to focus our efforts on engineering to make better products while reducing costs.

Aboutcamp BtoB: Does vertical integration protect the company against some of the input cost increases that manufacturers have faced? The price of virtually all commodities have increased sharply year-over-year, to say nothing

of the associated freight expense.

Fred Bentley: It does help. If we look at steel, for instance, there is a difference globally and we work to source effectively. But when you look at other input costs like components, greater integration does help because we're not nearly as reliant on components being brought in from outside the immediate area where we manufacture.

To me, the freight part of it is a more pressing issue than the material part. Fortunately, we do have our own fleet in North America and so that does minimize the impact of the logistic challenges we're seeing elsewhere. Most of that is outbound to our customers, and we are able to support a lot of what we deliver. We are working on finding alternative means for getting raw materials to us. Our team is doing a great job of identifying alternative sources to make sure that we're getting the components we need every day. I'll also say that having a high level of vertical integration, and more concentrated supply chains, represents an advantage in terms of new product development. Product life cycles are shorter than they've ever been, and product development timelines are accelerating. That is much easier to manage when you don't have to factor in extra time to ship prototypes across oceans, perhaps multiple times as changes and revision are made.

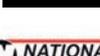
Aboutcamp BtoB: One would have to imagine today's dynamic environment would present its share of opportunities to not just leapfrog competitors, but to develop all new ways of doing

DexKo at a Glance

Corporate headquarters
Novi, Michigan, US
Manufacturing locations
US, Europe, Australia, Brazil, South Africa, Russia, Thailand
Turnover 2,2 bn US\$
Employees 7,000+
R&D Engineers 190+
Global customers 40,000+
Customer Retention 98%

27 ACQUISITIONS
since 2012



-  January 2012 - Tomkins sells Dexter Axle, Ventline, and Dexter Door to the Sterling Group, L.P.
-  December 2013 - Dexter Axle acquires UFP (USA), a leading innovator of marine running gear.
-  October 2014 - Dexter Axle acquires the North American assets of AL-KO Axis.
-  November 2015 - Dexter Axle acquires Titan International (USA), brakes, actuators, couplers, hubs.
-  December 2015 - DexKo Global merger of Dexter (USA) and AL-KO Vehicle Technology (DEU).
-  August 2016 - AL-KO VT acquires Winterhoff (DEU), a leading manufacturer of safety components.
-  August 2016 - Dexter acquires Rockwell American (USA), a leading supplier of trailer components.
-  December 2016 - DexKo acquires Melbourne Trailer and Caravan Supplies (AUS), components supplier.
-  December 2016 - Dexter acquires Ingersoll Axles (CAN), IMT Group's axle and suspension business.
-  January 2017 - Dexter Axle acquires the axle, brake and actuation business assets from Tie Down (USA).
-  February 2017 - AL-KO VT acquires BPW Fahrzeugtechnik (DEU): axles, chassis and trailer components.
-  November 2017 - Dexter acquires Henderson Wheel & Trailer Supply Inc. (USA), axles and fenders.
-  January 2018 - Dexter acquires Kodiak (USA), light and medium duty axle brakes for marine and RV.
-  January 2018 - AL-KO VT acquires E&P Hydraulics (NLD), expanding product portfolio in the RV field.
-  June 2018 - DexKo acquires G&S/Hume (AUS), chassis for caravans and mobile homes.
-  July 2018 - DexKo acquires CM Trailer Components (NLZ), components and assembly company.
-  August 2018 - minority investment in air suspension company VB-AirSuspension, B.V. (NLD).
-  September 2018 - DexKo acquires CBE Group (ITA), electronic systems solutions, RV electric components.
-  May 2019 - DexKo acquires Bankside Patterson (UK), leading manufacturer of mobile home chassis.
-  June 2019 - DexKo acquires Preston Chassis Industries PtyLtd (USA), chassis and other products.
-  September 2019 - DexKo acquires Safim S.p.A. (ITA), highly engineered hydraulic braking system components.
-  November 2019 - Rockwell American acquires Fenders N' More (USA), trailer manufacturers supplier
-  December 2019 - DexKo acquires Aguti Produktentwicklung & Design GmbH (DEU), seating system solutions.
-  January 2020 - Dexter acquires Silent Drive (USA), innovative leader in the suspension industry.
-  November 2020 - DexKo acquires Nordelettronica S.R.L. (ITA), that specializes in electronics.
-  January 2021 - DexKo acquires Redneck Inc. and Redline Products, LLC (USA), supplier of trailer axles.
-  October 2021 - DexKo acquires Brink International B.V. (NLD), towbar solutions specialist.
-  October 2021 - Dexter acquires National Trailer Parts (CAN), that offers top brand trailer components.
- 

Face to face with Fred Bentley

business.

Fred Bentley: We have been very focused on our manufacturing model and being able to service customers by having the ability to be close to them and to react to their needs in a very short period of time. Giving them a high degree of customization while giving them great service a challenge we work on every day. That is really important to us.

In addition, M&A is one of our core processes, so we're always looking for opportunities. We have a very clear strategic evaluation process. And we're very disciplined when we look at companies. We're always looking to improve the offering that we have to our customers. It's just like we look at service to the customer and our manufacturing capability, so we're always looking at opportunities to grow DexKo.

Aboutcamp BtoB: And would DexKo also look at things like joint ventures or strategic alliances?

Fred Bentley: We tend to look more at acquisitions versus JVs or alliances. Being able to have control of a business tends to be more straightforward and less complicated. So, we prefer to approach things that way. You'll never hear me say never about something like that, but we lean more toward acquisitions.

Aboutcamp BtoB: Do you think we're going to see manufacturing begin to shift away from the just-in-time approach as a result of today's headwinds? Are you starting to see your customers investing more in maintaining their own inventory levels?

Fred Bentley: Inventory management is a balancing act. I believe successful companies will figure out a way to adjust their supply chain to have a good return on their capital. I also believe companies that just add inventory will struggle the next time there's a downturn.

Those aren't 100 percent absolutes, but you want an efficient supply chain that will ensure a steady supply or materials without tying up capital. I think everyone will evaluate their own situations coming out of this, but I think the answer of simply adding more inventories is probably not a good long-term idea.

Aboutcamp BtoB: We all know there are a number of first-time buyers now

WE
CARRY
WHAT
MATTERS



entering the market, and that they have different values from previous buyer cohorts. Is that entering into conversations between DexKo and your customers?

Fred Bentley: Absolutely. As an example, we introduced our Vario X chassis, which reduces weight by 30 percent. What that allows our customers to do is to put more features in their vehicle, giving them a more interesting, feature-rich offering. Most of our products are things that are outside of the vehicle, so we help them by doing things like that – engineering to deliver greater value.

We can further help by making it easier to drive or tow a vehicle, with things like sway controls and maneuvering systems and other technologies that enhance the end-user experience. The more that we can do to improve the experience for the end-user, the better we're doing our job, and the more likely that end-user will become a camper for life.

Aboutcamp BtoB: Looking ahead, what are your thoughts on what we're likely to see in the RV market in the near future?

Fred Bentley: What the manufacturers of trailers, motorhomes and caravans have

done in recent years is just incredible, and today, the product offering is as good as it's ever been. RVs have added more amenities and features, they're more user-friendly, and they're far more connected so users can keep in touch with family and the office. This is really fantastic, and it's just going to get better and better.

The other thing the industry has done very well is to grow the customer base and attract new buyers. They builders have brought many younger users into the market with this whole concept of greater connectivity and allowing people more freedom. Their customer base has expanded, and they've done an incredible job with that.

Finally, I think the impacts of the pandemic will continue to bolster the industry. With all the restrictions on travel it brought, there was a unique opportunity to provide consumers with more freedom and again, I think the RV industry has done an incredible job with this. All that being said, I feel very bullish about the industry. And I think that the RV, motorhome and caravan manufacturers are doing an incredible job of continuing to expand the number of people who want to buy their product, which we're fortunate enough to benefit from as a result.

AL-KO Vario X chassis

