



BY CHRIS STINEBERT

## Departing Comments and Wishes

By the time you read this article, I will have departed as MHI President to accept a new position as President of the American Financial Services Association. The eight years I spent as MHI President have been both professionally and personally rewarding. During this time, the manufactured housing industry has been presented with unprecedented challenges, and we've made tremendous progress on many of these issues.

Yet, there is still significant work to be done! During my time at MHI, I was often asked the same question, "What must happen for business to return – for manufactured housing to begin growing again?" My stock answer would usually start with 'financing' and end with a general comment about the need to bring 'value' to our customers. However, I never condensed my thoughts down to a specific checklist for the future.

So here is my list of issues and practices that I would change if I had eight wishes – or if I had a magic wand that I could wave over the industry:

**1. Manufacturers would step up and take control of the marketplace.** This means setting strict requirements for their retailers, including the appearance of the sales center, acceptable business practices and ethics. Then, manufacturers need to enforce these requirements. For far too long, manufacturers have served as 'enablers,' permitting retailers to continue their faulty practices, lowering the bar for all competing retailers, and perpetuating a negative image for our industry with potential customers. Retailer excellence, not volume, needs to be rewarded and questionable business practices should bring severe consequences.

**2. Manufacturers should assume the responsibility for customer satisfaction.** Why? Because no one else is capable of performing this task on a consistent, reliable basis. And it is a task that must, absolutely must, be performed. As various market

research projects have told us, better customer satisfaction is critical to improving the appeal of manufactured housing to new homebuyers. Without better customer service, this industry will remain a boutique, cottage industry mired forever in the 120,000 annual production range. This means is that each manufacturer would be responsible for the placement of the home and anything that needs to be

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repaired during the warranty period.

**3. The industry needs to launch a national advertising offensive spotlighting the tremendous benefits of owning and living in a factory built home.** The national campaign could focus on the quality of materials and construction; design and customization potential; speed of delivery; and product innovation. It's time for the public to see positive images of factory-built homes, eliminate the myths, and begin laying the foundations for future growth. To the naysayer who might oppose a national campaign, I ask – if not now, when? And, if not us, who? There will never be a better or more appropriate time to launch an advertising offensive. We have the best homes on the market and it's time the public was educated on this fact – it's both our duty and responsibility.

**4. It's also time for this industry to finally start sharing the risks and the rewards.** Lenders, including new lenders, are much more likely to lend money to potential homeowners if the retailer and manufacturer are willing to share some of the risk. This "sharing" could take multiple forms, but the common thread running throughout the process must be the alignment of interests for a successful, performing loan.

**5. Manufacturers and retailers should be more open about making pricing information more available to potential customers.**

It's time to stagger out of the dark ages and discard the long held philosophy that "an educated consumer is manufactured housing worst customer." The information age is here and we better get used to it. Sticking our collective heads in the sand is not going to make it go away.

The recent Foremost Insurance study showed that over 90 percent of manufactured homeowners have a computer. The National Association of Realtors and Yahoo reported that more than three-out-of-four homebuyers started their home search on the Internet – and

every one of these searches was launched by price range and geography. If this industry wants to continue ignoring three-out-of-four homebuyers, we deserve the consequences.

**6. Focus on the issues of real importance and stop looking to Washington to solve all of your problems.**

HUD, Fannie Mae and Freddie Mac did not cause your world to collapse and they are not going to be your salvation either. This is not to say these entities and Congress are not important...they are. But, all too often, we lose our perspective by putting excessive emphasis on Washington and ignoring the major issues impacting our declining market share. (See 1-5 above!)

**7. Stop tilting after windmills...go after those things that can be realistically achieved.**

Yes, if the HUD Code were being written today, there would be no need to require a permanent chassis to stay with a HUD-Code home. The chassis issue is a vestige of an earlier industry dealing with limited abilities and techniques. But attempting to remove the chassis requirement through Federal legislation might prove politically implausible, with too many strong and formidable opponents who will fight to preserve the status quo. We don't need to become like Don Quixote tilting after windmills – fighting

battles that cannot be won.

Instead, we should aggressively pursue meaningful and realistic changes to the HUD Code that would free the manufactured housing industry to design/build innovative homes, such as two-story homes, stair architecture, single-family attached and other non-traditional designs. Such a strategy would certainly be achievable and, if accomplished, would be a tremendous step forward for manufactured housing.

**8. The entire industry must focus on one goal – increasing the value proposition to the homeowner.**

If we cannot offer our homeowners real value for their housing dollar, how do we expect to compete in the marketplace. This means giving the customer true value with their purchase, then keeping them happy after the sale. This means insuring the homeowner builds equity and wealth in their home. And finally, this means providing a stable, viable resale market for when it is time to sell the home. Once the industry delivers this value, the rest will fall into place naturally.

Again, these issues are a compilation of my "wish list" for manufactured and modular housing. A future that I truly believe is filled with tremendous promise and hope. I remain firmly convinced that factory-built housing will one day exceed all expectations – dreams will become reality – but only if a united industry is willing to take the necessary steps – and pay the price for change. (See 1-8 above)

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