After Cushman-What?

An industry leader that has been a vital part of the golf car market since the '30s is exiting. With the recent announcement that Cushman will no longer manufacture cars after this year, the market will likely be subject to reevaluation.

Coming as a shock to its competitors and even to its own dealers and distributors, the Cushman decision was quietly announced in late June. In fact, the country found out via a one-paragraph item in the back pages of *The Wall Street Journal*. The news short, which failed to mention Cushman by name, was directed from the corporate offices of the parent firm, Outboard Marine Corporation, at Waukegan, Ill.

Rumors about the stability of the golf car division existed as early as last January but most believed Cushman had a new car in line for '76 and the new prototype would shortly be shown to dealers.

The last two or three years have been rough and competitive for everyone in the car industry with added stress in the marketplace and the addition of the foreign-imported Melex car. The pinch has hurt sales. So much so, that in March, 1974, Cushman filed a complaint with the Treasury Department stating the Polish cars were being dumped on the market and the competition was unfair to American companies.

There is no indication production dropped at Cushman's Lincoln, Neb., plant during the last two years, but obviously profits from car sales were not sufficient to keep the division as profitable as expected by the parent Outboard Marine Corporation. Corporate financial figures indicate gross car sales for 1974 were less than $10 million.

Leventhal: "Sorry to see it end."

Charles D. Strang, president of Outboard Marine, has been quoted that the decision was based on declining sales over the last few years and there was no real indication that the division was due for an upturn. "An analyzation has convinced us we can utilize our capital and personnel better on other products," Strang said.

Market projections for Cushman's share of the 1976 market were not encouraging, either. Only 10 to 12 percent of the market appeared to be Cushman's, a sharp drop for a car which at one time accounted for 45 percent of all sales.

Cushman will continue full production of its line of industrial and turf vehicles. The industrial line is utilized inside large plants to help move people, machinery, and supplies. Cushman has also succeeded with a line of police scooter vehicles, which are showing up in towns across the nation.

Since 1901, Cushman has been in business in its Lincoln location. The founder, Everett Cushman, sold the business in 1927 and the firm began to build golf cars, lawn mowers and even a line of gasoline-powered washing machines.

In 1936, Cushman came out with a three-wheel scooter which it sold to consumers and the military. The first golf cars emerged in force in the mid '50s with a two-passenger vehicle going for $750.

Outboard Marine purchased the firm in 1957 and made it a subsidiary. In 1962, the firm became a division. OMC's acquisition of Cushman put the company on stable ground and geared the golf car production toward the financial prominance it initially held in the industry. From 1958 to 1965, production rose dramatically, as unit production increased from 2,000 to more than 7,000 per year.

Obviously, there was some remorse by Cushman employees over the decision. More than 700 plant workers may be affected at the company's production facilities in Lincoln. Cuts in the work force were also made last year when some 200 employees were shaved to allow for a large inventory and reduced production of models.

Jim Levanthal has been golf product manager with Cushman for the past 18 months and although he did not comment extensively on the decision, he did tell GOLFDOM, "I'm sorry to see an era end here." The same is true for the field too, with 60 Cushman dealers and distributors left without a golf car.

Those who talked with GOLFDOM were disappointed about the move and typical of these was Merle Ellis, who since 1937 has sold Cushman products from his business in Kalamazoo, Mich. "I was shocked to say the least. I've been selling Cushmans since 1955

No meeting this year: Cushman dealers and distributors gather together at their last annual meeting, in Louisville last year.Most were surprised at the decision to stop production of the car.

and I was surprised to hear the announcement," Ellis said.

Like most dealers around the country, Ellis admitted that the market had become highly competitive with the influx of Melex and "they can sell them for less than I can buy mine." When the cars first came into his area, Ellis was puzzled on how to beat the competition and save some of the customers he had had for more than 15 years.

"Most of the people that had gone with Melex told me it was nothing to do with me or Cushman. It was just a matter of economics. All I can say is, we're going to stay in this market and keep fighting," Ellis added.

Like most distributors, Ellis plans to look over his prior competition for another car to handle. Several of the companies are scrambling for Cushman dealers and distributors to get new outlets for their cars.

One man who has already found another car is Harland Baker, a Cushman dealer for Greater Cleveland, whose family has been in business since 1942. Two years ago, Baker began to supplement his Cushman sales with sales of Johns-Manville's Club Car.

"I was surprised with the Cushman decision, but we'll go on, though. I think it was ridiculous for them to quit," Baker commented. Like Ellis, Baker admitted that Melex had hurt him, but that his business had handled upwards of 960 cars in season.

Baker believed that Cushman would have a new car for 1976 and before the announcement still expected the company to have its annual dealer and distributor meeting, which was in Louisville last year.

Probably the largest volume Cushman dealer in the country is the Watson Distributing Company in Houston. Craig Watson, vice president of the firm, told GOLFDOM that after 32 years with Cushman, they, too, were jolted with the decision.

"We have always had good rapport with the Cushman people and I guess that's why we were so startled to hear the decision," Watson said. Although, the Texas distributor has had some competition from Melex in his market, it hasn't been that great. Watson's dealership handles more than 2,000 golf cars a year.

"With a year-round market, we don't have too many lease agreements. Most of our customers buy. It doesn't take a long time for a buyer to get his money back from a car," the Houston dealer added.

Although the focus of a change in the industry centers on Cushman, GOLFDOM has learned that Otis also has left the market for lack of sales. Otis' golf car sales manager Joe Folkedale told GOLFDOM that a car hasn't rolled off the assembly line in Stockton, Calif., for two months and the models were only prototypes.

Last of the line: A row of Cushman cars waits for riders. Cars such as these will cease to be manufactured after this December.

A four-month strike in 1974 and a lack of marketing ended Otis' effort in the market and rumors on the continuance of the line had been rampant in the industry for several months.

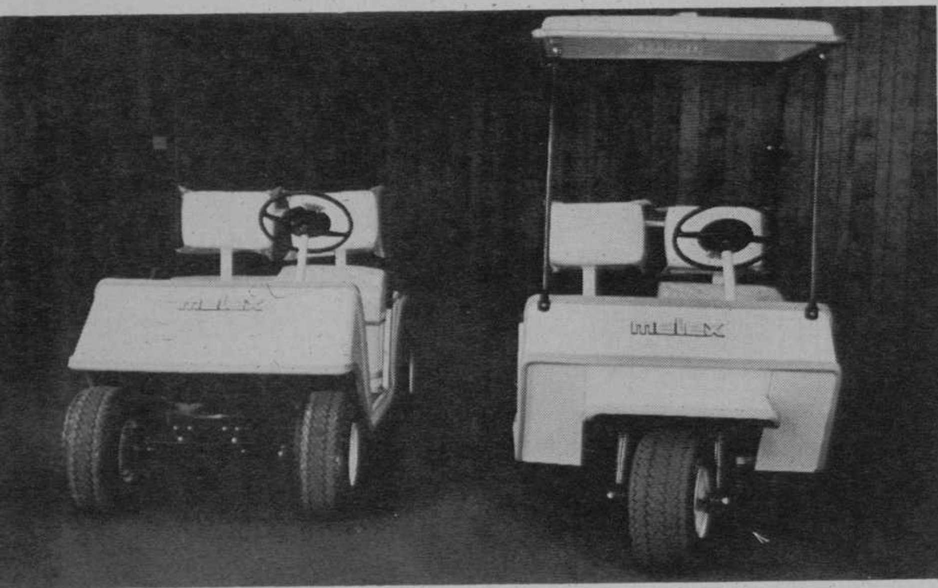
Leaving the golf car market behind it, Otis is currently producing a street line of electric vans, that are currently being sold in California. A model of a city car for consumers also is in the works.

Reaction of the industry to Cushman's exit varied. Most of the company executives that talked to GOLFDOM were surprised.

"We regret to see them go," said AMF/Harley-Davidson's golf car sales manager Ralph Zickert, "But, we'd like the shot at the extra business."

Harley has been one of the big three car companies for several years now, and along with E-Z Go and Westinghouse, takes on a larger share of the market. Harley's latest model is its DE-40, which is getting a lot of media exposure.

Overseeing 18 years in the golf car business, Westinghouse's marketing manager Joe Camp sees Cushman's departure as the death of an old friend. "I guess, we could conceivably benefit from them leaving, but I am truly sorry to see them go. They have always been a credit



Clouded future? A pair of Melex cars sit in the showroom, while the company's future lies in the hands of the International Trade Commission in September.

to the business," Camp noted in his Redlands, Calif., office.

Westinghouse currently plans no increase in production of its '76 model to fill the possible void that will be left by Cushman. "We'll stay with the production figures established and if we see added interest, we may build more. It's a little early to say right now," remarked Camp.

Efforts are already being made by Westinghouse and other companies to interest present Cushman dealers and distributors into handling their car after this year. At least that's the plan of Pargo in Charlotte, N.C.

John Walker, vice president and director of marketing for the southern firm, told GOLFDOM that past rumors about his company leaving the industry are false and with Cushman's demise, Pargo's view of the market is becoming more optimistic. "We look at ourselves as the largest independent dealer in the country," said Walker," There aren't any big corporate dollars behind us. Profit has been tough to get in the last couple of years and the competition from Melex has been hard too."

Pargo has been in business since 1958 and has struggled somewhat, but since Walker came with the firm three years ago, things are stabilizing. "With Cushman leaving, I think there is little doubt we plan to up production and go after some more business," Walker insisted. Pargo plans to stay southeast oriented, unless there is interest from other parts of the country to pick up the car.

Smaller companies are looking at the Cushman change as an opportunity for them, also. Midwest Golfkars and American Continental are two small firms that see the possibilities of a more open market.

Gary Breckenridge, sales manager at Midwest in Kellogg, Iowa, thinks things will improve for his company, which turns out 200 to 300 cars a year. "We never felt that we competed with Cushman. Our marketing attitude is completely different. This change may get more people to look at our car, though."

End of the Otis: The Otis S 75 car is no longer being produced. The firm left the market recently after a four-month strike and a tight competition hurt chances of profit.

At American Continental in Willmar, Minn., general manager Don Craven stated that AC planned to improve its '76 car and there was a good chance that production might be doubled. There were also plans to convince some Cushman dealers to sell AC cars.

One of the larger firms in the industry, Taylor-Dunn, is taking a wait-and-see attitude about the effect of Cushman leaving. Dick Meadows, with Taylor-Dunn since 1958, says, "It's like Chrysler leaving the automobile market. Cushman was good for this business, even if they were a competitor."

Motivating its sales toward 11 western states, Taylor-Dunn has grown steadily over the years. According to Meadows, production has increased 17 to 22 percent a year for the last eight years. "With Cushman leaving, I have to admit, I'm worried about the industry. The other manufacturers will pick up the slack," Meadows said.

Although, its own fate is clouded by a coming judgement in September by the International Trade Commision, Melex had mixed reaction to Cushman's exit.

Clem Sharek, Melex executive vice president, told GOLFDOM he hadn't expected the Cushman action and that the implications of the change were difficult to gauge. "Our feeling is that the market has been dynamic for several years, even before our company entered the market in 1971," Sharek said.

Melex claims to have at least 15 percent of the market at this time, but others in the industry believe the share may be greater. □