

## Guitarmaker moves into HQ

Fender holds open house at new offices

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Fender is probably the most recognized name in musical instruments. The company's popular guitars and amplifiers appear on stage with the greatest musicians in rock and roll and jazz and with jammin' garage bands everywhere.

Eric Clapton, Jeff Beck, Robert Cray and Buddy Guy all play Fenders.

Late greats Jimi Hendrix, Stevie Ray Vaughn and Kurt Cobain were most likely seen holding Stratocasters, Fender's best-known product.

But how many people know that since 1991, Fender has been a Scottsdale company? Or that Fender recently moved its corporate headquarters to bigger, better facilities on the Salt River Pima-Maricopa Community, adjacent to Scottsdale?

Last week, Fender Musical Instruments celebrated its move with an open-house party and "string-cutting" celebration, which marked the official opening of the complex at the new Chaparral Business Center, just across the Pima Road border from Scottsdale. The move, which began in August, was from cramped quarters on Hayden Road to a spacious new building custom-made by Kitchell Contractors for the musical-instrument maker.

The party also celebrated Fender's business partnership with Salt River Devco, the Native American community's economic-development enterprise. Community President Ivan Makil and Devco Chairman Faith Camarena were among those who cut 8-foot-long guitar strings to open the doors of the Fender facility.

"This is Fender's corporate headquarters worldwide," said Bill Schultz, chairman and CEO of Fender. "We're all over Europe, South America and Japan. We do quite well."



Mark Henle/The Arizona Republic

Ray Riendeau and Greg Koch practice in the sound room in the new Fender headquarters. Fender recently moved its corporate offices to bigger, better facilities on the Salt River Pima-Maricopa Community.



Last fiscal year was Fender's biggest ever, Schultz said, with the privately owned company reaching more than \$250 million in sales. When Schultz led a group of investors to buy Fender in 1985 from CBS, the broadcasting giant, the company was ready to close its doors with annual sales of just \$20 million.

Just as with another famous U.S. brand, Harley-Davidson, new owners built the franchise back up, using a combination of heritage marketing and improved quality, until it once again became a world leader. Today, Fender owns the biggest share of the electric-guitar market, Schultz said, and a sizable share of the acoustic market, including its Guild brand, which Fender purchased in 1995.

"We took it, rebuilt research and development and put quality back in it," Schultz said. "Re-establishing and enhancing the name has made us a very successful company."

Fender moved to Scottsdale from Southern California in 1991, Schultz said, fleeing onerous regulations, costs and congestion.

The new Fender headquarters is in a 55,000-square-foot building, and as soon as you walk in the door, you know you're in a different sort of corporate office. Colorful guitars and basses hang on the walls alongside pictures of rock stars.

Step into the individual offices and you find guitars hanging on the walls, with everyone from executives to research technicians encouraged to take them down and play them during business hours. Nearly every one of about 150 employees plays guitar, some of them very well.

"We're an interesting company," said Morgan Ringwald, Fender's public relations director. "We're not a bunch of MBAs wearing suits."

"Everyone here, they love music and they love being around it. That's what keeps us in touch with reality, what musicians out there want and expect from the name Fender."

Fender builds about 1,200 instruments a day in two main factories in Corona, Calif., and Ensenada, Mexico, including guitars, amplifiers, banjos, mandolins, strings and accessories. Some of Fender's products, such as its entry-level Squire brand, are made in Korea.

All the research and development, marketing, advertising, Internet and executive functions take place at the new facility, Ringwald said.

"Everything's done in-house," he added, including production of catalogs and Web sites.

One of the main goals is developing new products for Fender. Keith Chapman, Fender's director of digital engineering research and development, is a former NASA scientist who now helps design the company's new generation of Cyber Head electronic amplifiers, which can create tones ranging from the funky vacuum-tube amps of the '50s to the latest techno sounds.

"The current focus is to use modern technology to get vintage sound," Chapman said. "We're pretty vigilant about sticking to what works. The design structure is pretty much in sync with what we've always done."

"There's a reason why it worked for 50 years, and we don't want to stray too far from that."

In that vein, he added, Fender still builds some vacuum-tube amps pretty much the same as always.

Schultz, who at 75 still has a five-year contract with Fender, said the company should grow into the \$300 million to \$400 million range within the next few years, though overseas competition is increasingly tough.

"We have plenty of room for growth here," Schultz said with a smile. "We're looking for acquisitions that fit, broadening our product line here and intensifying our efforts on certain products, such as acoustic guitars. We have a large share in electrics (guitars and amps), but we could do better."