



# CASE STUDY: **Big Ass Fans**

**INDUSTRY:** Capital Goods

**US MANUFACTURING LOCATION:** Lexington, Kentucky

During the Recession of 2008, approximately 8.8 million jobs were lost throughout the United States. Mass layoffs were sweeping across the nation. But for Big Ass Fans, a fan, lighting, and controls manufacturing company headquartered in Lexington, Kentucky, this was not the case. In fact, the Chief Executive Officer adamantly refused to lay off his workers, continuing to give bonuses as usual, though smaller than in the past. Though but a snippet of its history, this represents the kind of quality that Big Ass Fans demands for itself—a company concerned with the well-being of its employees, its customers, and its products. This devotion to going the extra mile is a large reason why Big Ass Fans ultimately decided to reshore and shifted their originally all-Asian supply chain residential fan line to the vast majority of its lines being manufactured in the United States.



## BECOMING THE BIG ASS FAN COMPANY

The company was founded in 1999 in Lexington, Kentucky by Carey Smith, originally as the HVLS (high-volume, low-speed) Fan Company. These massive fans are used in large spaces such as factories and dairy barns, where air conditioning is cost-prohibitive, but where the facility needs to be kept cool. Though these fans spin slowly, they are extremely effective in moving immense amounts of air, according to the CFM (cubic feet per minute) tests which measure the amount of air that the fan moves. Because these fans are unique and effective, customers took notice. A few years of substantial growth later, and after countless inquiries and requests for “those big-ass fans,” HVLS Fan Co. officially became Big Ass Fans.

Since its official incorporation, Big Ass Fans (BAF) has been growing rapidly. In 2012, a BAF residential fan exceeded Energy Star ratings and won several international awards. After the overwhelmingly positive response, BAF created a LED light fixture “so tough you could drive a truck over it,” and officially launched a full-service lighting division.

Haiku became the world’s first smart fan, with cutting-edge SenseME™ technology to automate personal comfort, and sleek, modern designs to fit consumers’ preferences. BAF takes pride in intensive, comprehensive research, innovation, and engineering, and in its manufacturing processes. “We at Big Ass Fans are proud of being able to say we have hard working products built for hard working people by hard working people,” according to BAF’s Alex Risen.

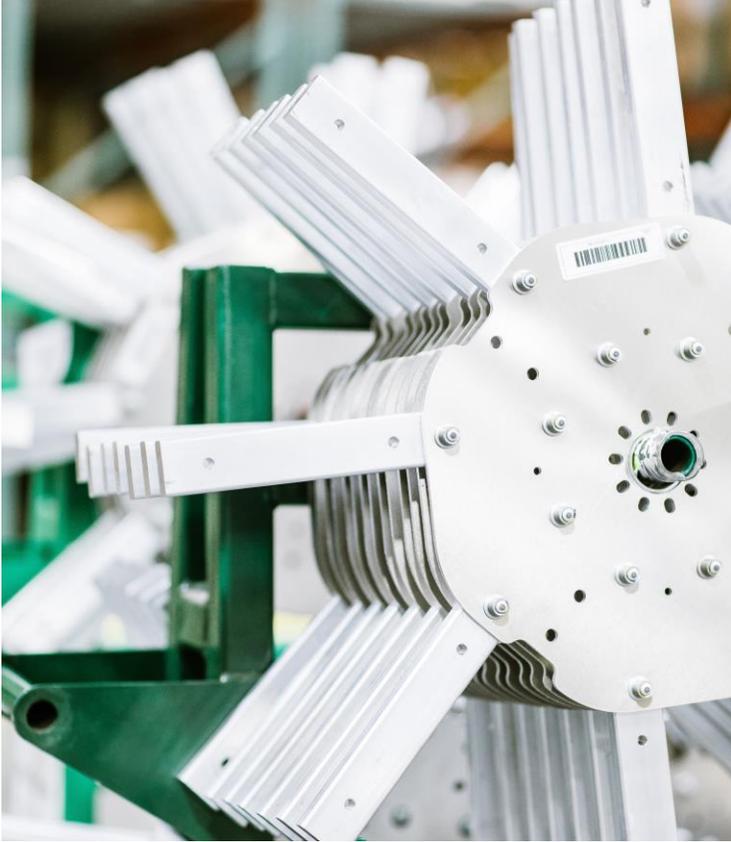
## THE CURRENT STATE OF MANUFACTURING IN THE UNITED STATES

Since 2000, more than five million manufacturing jobs have been eliminated in the US. During the Great Recession, American manufacturing experienced output losses of 10.3%. However, since 2008, manufacturing has been slowly making a comeback. Manufacturing in the U.S. has been introducing and applying more sophisticated and advanced technologies, and is expected to take over the position as the number one most competitive global manufacturing market by 2020, according to Deloitte’s Global Manufacturing Competitiveness Index.

## STATE OF MANUFACTURING AT BIG ASS FANS

“A large portion of our production materials are sourced within a half day’s drive from BAF’s Lexington, KY Global HQ. That’s where we’ve found the right quality of parts needed to make a great product,” says BAF CEO, Lennie Rhoades. “This is an example of the company’s progressively positive attitude towards reshoring and domestic sourcing.”

Global Headquarters, Fan and Light Production building, and Research and Development Lab are located right across the street from one another, to ensure streamlined communication within the company. Big Ass Fans made the shift from an all-Asian supply chain to the vast majority of products manufactured in Lexington. BAF’s commitment to direct-to-customers sales eliminates middlemen’s upcharge, allowing Big Ass Fans greater flexibility and leverage with pricing. Within a day’s drive, the BAF team could be at one of their major suppliers’ plants for a quality check, or for a last-minute *face-to-face* meeting, said Risen, since “being in the same room



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allows us to build and maintain a strong relationship with our suppliers.” One of the greatest benefits for the reshoring decision according to Risen, was the ability to create 215 manufacturing jobs in Lexington, Kentucky.

Not all of Big Ass Fans’ manufacturing is in America, however. Currently, the Haiku L, the budgetary residential fan continues to be manufactured in their Malaysian facility. BAF owns that facility, and the employees are part of the BAF family.

The proximity to their customers and suppliers, as well as the ability to be efficient and strategic with their inventory management allows them the flexibility and oversight to make BAF’s business strong.

1. <http://www.epi.org/publication/manufacturing-job-loss-trade-not-productivity-is-the-culprit/>  
[https://www.bcgperspectives.com/Images/The\\_Shifting\\_Economics\\_of\\_Global\\_Manufacturing\\_Aug\\_2014.pdf](https://www.bcgperspectives.com/Images/The_Shifting_Economics_of_Global_Manufacturing_Aug_2014.pdf)  
<http://www.industryweek.com/operations/why-reshoring-ideal-control-freaks>  
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# DEDICATION OF QUALITY

Big Ass Fans’ average salaries are 20% above the national average, and 40% more than Kentucky’s average. Lennie Rhoades believes that cost control is not necessarily the core of a successful business. He and Big Ass Fans fully endorse a focused dedication to quality—demanding top quality for customers, for employees, for suppliers, and for its products. BAF’s revenues in 2016 were \$202 million—more than quadrupling the \$34 million in 2009. In 2016, BAF was ranked 33<sup>rd</sup> on Forbes’ List of America’s Most Promising Companies, the only industrial fan company to appear on the list, consistent with its motto “no equal.” With growth rates consistently over 30%, Big Ass Fans is continuing to innovate. BAF’s unwavering dedication to quality supports reshoring and exemplifies the benefits of what manufacturing in the United States can mean to a successful business.



# ABOUT THE AUTHORS

Jasmine Afshar is currently pursuing a Masters of Business Administration (MBA) at the University of Kentucky and is expected to graduate in May 2019. She holds an MA in Peace and Justice studies from the University of San Diego and a BS in Global Studies from the University of California Santa Barbara.



Christina Jonsson graduated from the University of San Diego with a degree in Business Administration in May, 2017. She currently works as a Budget Analyst at Northrop Grumman.



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