

**DIAMOND REO**

# THE TRUCK THAT CAME BACK

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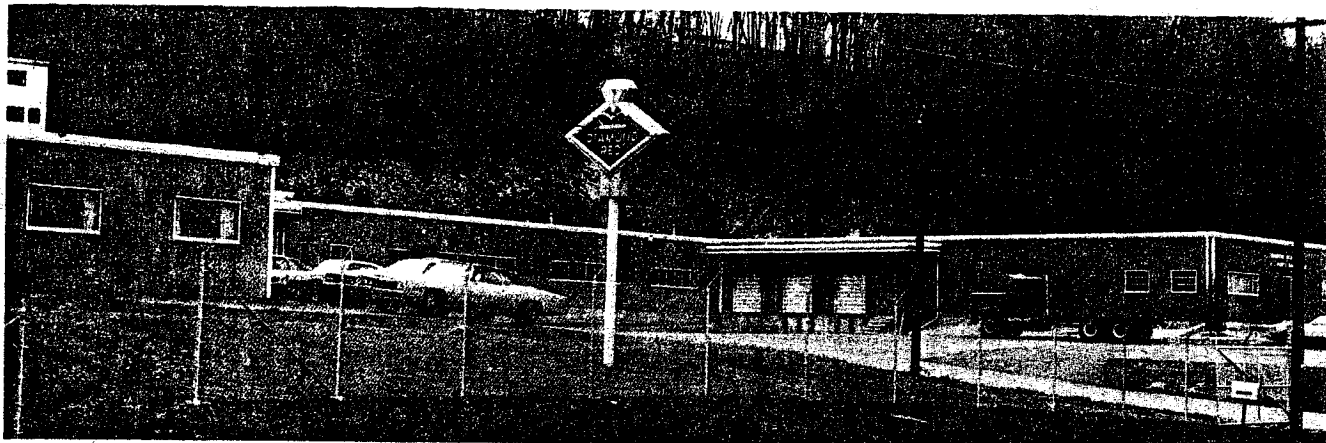
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"The engine is step four, and at station five, we handle the cab, the bumpers, fit the hood and fenders, run the engine, lubricate it and take it out the door and road test it.

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Can a good truck be cheap? "Well," said Osterlund, "matching specifications to specifications, I'd say we are the lowest priced truck in America today. Yes, a good truck can be cheaper.

"The quality of the components you put into building a truck is of course what really makes a truck special, but don't forget the design and engineering. Reo came up with a truck that's a helluva piece of machinery. We're just duplicating it, that's all."

Osterlund feels his young operation has made steady improvement in the last year and half. The bad days have been nil. "Actually," he said, "there's not much to assembling a truck. You start with the frame and if the thing's designed right, it goes together pretty easily.

"Our operation has had no major problems whatever, and that's largely a function of our sticking to the one model. Things become simpler and simpler every day, and every one of my men on that line is capable of doing anybody's job. That way, if any of our people is not on the job on a particular day, it doesn't change the picture at all."

Osterlund, who said his company does no advertising at all right now, feels his company is

not really competing against the big truck manufacturers. "We're a small entity," he said. "I feel the only way we can survive profitably is by building one model because when you start adding a multitude of options, your inventories go up tremendously. That requires space and it requires twice the amount of people to manufacture a truck in the same amount of time because it's so much more complicated. There's more opportunity for mistakes in assembly, such as forgetting the wrong parts on one model. So we chose to do things differently than the others, even as far as paint. We deliver our truck with a prime finish. We leave it up to the dealer to get it painted because invariably, when a dealer picks up a truck from a factory, unless it's ordered specifically for a customer and painted the color of his choice, the dealer winds up repainting the thing, which means he spends another \$300-400. That's money down the drain.


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tion offers these as options and people in the construction industry always wind up ordering them. They are *standard* with our truck.

"We're building a tool for industry. It's accepted and it's priced right. Actually, the big manufacturers can't compete with us. Their overheads are terrific compared with ours. *They're* the ones who can't keep up with *us*. I don't worry about competition."

Is the small manufacturer with a basic truck and fewer options the trend of the future? "I don't know, but it's going to be *our* trend. It can certainly be done. We've proven that.

Other manufacturers may differ from that line of thinking, but that's their problem. It's very expensive to go with the multitude of options that are offered by other manufacturers. The little guy couldn't survive today if he were to do that.

"I knew I was going to make it the day we started," Osterlund told us. "There was no question in my mind at all. If I had thought there was a possibility of failure, I never would have gone into it. Business is fine." 

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SPANNED THE  
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An important element in a motor vehicle manufacturer's success is a strong dealership network. Chambersburg, Pennsylvania's Rife Motor Company, Inc. is a good example. Founded in 1943 by Melvin K. Rife as a garage, repair, and custom trailer fabrication shop, the company secured its Reo dealership in 1952. Brothers Edward and Warren joined the business in 1953 and 1958, respectively. Today, Edward is president, and Warren is vice president, with several of their children representing the third generation.

The Rife Motor dealership prospered. Reo honored it with numerous VID ("Very Important Dealer") awards. Ed and Nancy Rife fondly remember their one-way flight to Lansing to receive their 1964 VID award and the return drive with a brand new 1964 Reo.

Rife Motor was a Diamond Reo dealer until 1975. From 1978 until 1992, they sold Osterlund Inc's Harrisburg, Pennsylvania built Diamond Reo and Giant trucks, and from 1994 until the present Western Star Trucks.

The Rife brothers remember that in 1977, Loyal Osterlund initially named all his trucks "Diamond Reo Giant." Later, the Diamond Reo portion was dropped, and the trucks were simply named "Giant." That proved to be unpopular with customers, and soon the former name was restored. The names were simply used to identify the brand of truck. There was no "Diamond Reo Company." The brand was built by Osterlund, Inc. Continuing the old Diamond Reo model identification system, the first Osterlund truck built was a C11664DB, finished on January 7, 1978. Osterlund's dealer network expanded to 32 dealers, including some, like Rife Motor that had earlier handled the Lansing-built trucks.

The Rife brothers well remember that success in the truck business means attempting to meet every customer request (or demand). Osterlund installed only Cummins engines, not wanting to invest the money to engineer a Caterpillar engine into Diamond Reo Giants. One of Rife Motor's best customers preferred only Caterpillar engines. "No problem" was Rife Motor's response. In 1985, Rife Motor simply bought a Diamond Reo dump truck (47,000 pounds payload) complete but without engine and installed a Cat 3406B, 310 HP at 2100 RPM engine purchased from Cleveland Brothers of Harrisburg. This was the first installation of a Cat engine in an Osterlund Diamond Reo. Osterlund soon began offering the Cat alternative to Cummins, and Cat-powered Diamond Reos eventually became 70% of Rife Motor's sales.

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apparently ended permanently on November 23, 2002 when an auction was held in Harrisburg, Pennsylvania. The auction flier offered to sell "the Diamond Reo product line. This will include the copyright/trademark name of Diamond Reo and all molds, blueprints, manufacturing records, tooling parts, books and manuals." That auction may have been the final end of Reo and Diamond Reo trucks.

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## CAPTIONS TO PHOTOGRAPHS FOR RIFE STORY

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Melvin K. Rife poses proudly in front of the first Reo sold by the Rife Reo dealership. This 1952 Model E-22 went to Charles E. Brake Excavating. Today, over 50 years later, Melvin K. Rife's grandson, Terry, continues to sell trucks to Brake Excavating (Western Star Trucks). Reo cemented strong bonds between dealerships and truck buyers, even surviving the demise of Diamond Reo. Several third-generation Rifes are active in the dealership today.

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The Rife dealership in the early 1970s included an array of Reo and Diamond Reo equipment for use and for sale. Left to right, Ford wrecker; 1948 Model D19 wrecker; 1959 Diamond T wrecker; 1949 Reo Model 31 wrecker; and five new Diamond Reos for sale; C116 day cab; C116 with sleeper; two C078 cabovers; and on far right, a C116 day cab.

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Rife Motor, Inc. proudly received the Diamond Reo "Dealer of the Year" award for 1989. Left to right in this photo: Osterlund's Vice President Jan Osterlund and director of dealer services Russell A. Albright, Jr. On right, Rife Motor's Edward K. Rife and Warren K. Rife. In the background, note the truck on the right bears the Diamond Reo "Giant" name.

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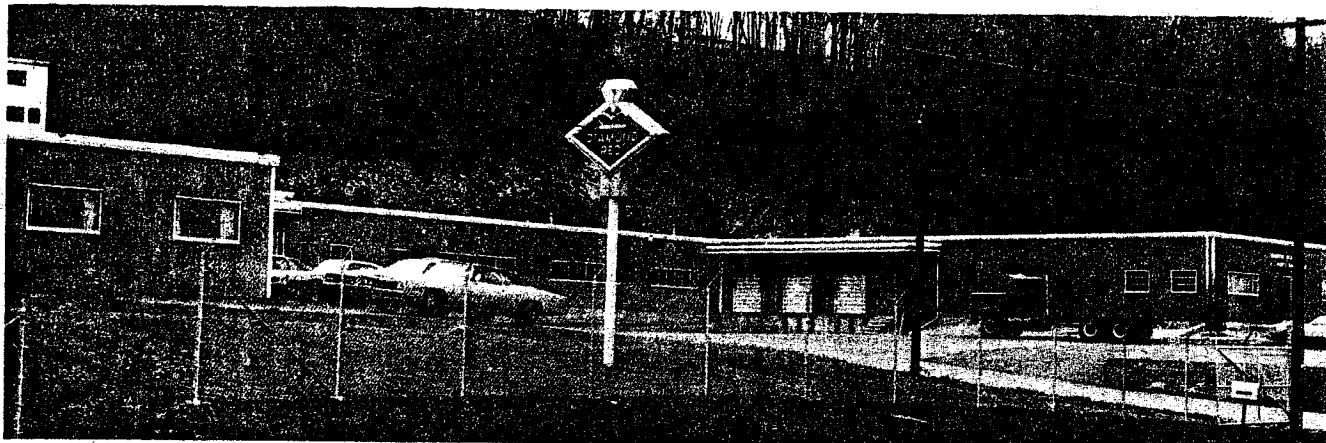
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