

Composites Manufacturing

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**Growing
Your Company**



From left, Scott Reeve, president of Composite Advantage, and Andrew Loff, vice president, stand in front of pilings ready to ship. As Reeve and Loff grew the company, they divided responsibilities and began to onboard additional management to support future growth.

From Startup to Industry Leader

Successful executives offer insight on growing your company.

By Megan Headley

After working at an FRP boat-building company for 10 years, Bill Kreysler launched Kreysler & Associates in 1982 under the half-joking motto “Anything but Boats.” And in the beginning the company did, in fact, do virtually everything else, from fixing hot tubs to making letters for Gap clothing store signs to building sets for the San Francisco Opera. As Kreysler says, “We were all over the map.”

It’s tough to imagine the company, today a leader in architectural composites, so disjointed. But establishing a clear value proposition within the composites industry – itself highly fragmented – is a common challenge faced by many startups.

“The composites industry is quite complex due to its fragmented nature,” points out David Schofield, co-founder and managing director of Future Materials Group, a strategic advisory firm in the United Kingdom. That decentralized nature is evident in the industry’s diverse range of technologies, broad supply chain, vastly different-sized companies and varying regional leaders.

“The market needs and the value proposition being offered

[by companies] can sometimes be misaligned due to that complexity,” Schofield finds. He suggests that getting through these challenges demands clarity on how the startup ultimately wants to segment its market, why it’s targeting those market segments and the value it offers to those targets.

Of course, many startups learn these lessons through tough experience and trial and error.

Watch the Pace of Growth

Today, Kreysler & Associates has just under 50 full-time employees at its facility in American Canyon, Calif., and a new shop on nearby Mare Island. But the company’s present success was built on decades of lessons learned.

In the company’s formative days, many of those struggles centered around growing too quickly. When companies grow beyond what their foundation is equipped to handle, the additional sales can soon be outpaced by overhead requirements. Kreysler learned this while manufacturing props for the 1983 film “Return of the Jedi.” The company made sails and rigging

for Jabba the Hutt's barge and GFRP parts for the two-legged walking tanks used in the war scene on the moon of Endor.

The demands of the movie project required Kreysler to hire several employees, but when that project ended he didn't have a backlog of other work. "I was so focused on the project I forgot to look ahead," Kreysler recalls. "After burning all the profits, I finally had to lay most folks off. I hated that. It is so expensive to train new people, and I felt I'd let them down." From then on, Kreysler says he has let the company grow organically.

But organic growth can present its own challenges. Scott Reeve, president of Composite Advantage, a division of Creative Pultrusions Inc. since October 2018, explains that growing his company only as money was available led to costly inefficiencies over time.

"When we started out, we bought one building. Then as we expanded, we bought a second nearby building and a third," Reeve recalls. While that allowed the company to sink significant capital into product and market development as the money became available, rather than securing a large loan or turning to an investor, it led to problems. "We were wasting a lot of money in terms of moving between buildings and redundancy," Reeve says. Today, the company has solved that problem by bringing its 100 employees under one roof in a 300,000-square-foot building in Dayton, Ohio.

While smaller companies can recover from missteps by cutting back on staff (or the owner's salary), estimating and cost control become much more critical as companies scale up. So do people.

Putting a skilled workforce in place becomes necessary as founders find themselves pulled in different directions. Yet as Kreysler points out, growth at this stage brings with it a responsibility for keeping that workforce employed. Kreysler recalls, "[In the early days] every penny was in the business, and as I slowly added work and needed more help, I became aware of my responsibility to [my employees] to not make a mistake."

As Kreysler's operation has become more manufacturing-intensive, his labor needs have only increased. As a case in point, his company's new facility manufactures exterior building panels and relies heavily on automation and technology. "I don't subscribe to the theory that robotics will displace blue collar workers," Kreysler says. "Every time I invest in a new robot, I have to hire more people to keep up with increased productivity. The custom FRP work we do is still very much a craft. The automated tools are just that – tools."

Put Trusted Partners in Place

Bringing people on board with the right skillsets proved to be an "aha" moment for Reeve, who founded Composite Advantage in 2005 with now-vice president Andrew Loff. "For the first couple of years when there was only a handful of us, we all did a little bit of everything," says Reeve. As the company grew, Loff focused on the technical side while Reeve took on more of a sales, marketing and project management role. In time, they began to onboard additional management-level employees to support the company's growth, including a general manager to run the manufacturing operation.

"Our skills were as composite engineers ... but at some point, we needed a real manufacturing person to run the operations," Reeve recalls. Bringing in a general manager opened up the company to lean processes, ISO compliance and other standards

of excellence in large-scale manufacturing – standards often missing from the typical startup composite shop.

Still, adding new employees – even when absolutely necessary – is not easy to do. Lowell Miles, CEO of Miles Fiberglass and Composites, an Oregon-based fabricator of fiberglass and composite products, learned this first-hand in 1983 when he acquired another company, Tiara Spas.

"It was nearly impossible to run the operations of two facilities and two separate companies, so I needed to have a general manager at each location running the day-to-day operations so I could focus on the businesses," he shares. It's difficult for many startup founders, particularly in the highly-specialized composites industry, to divest any of their responsibilities to capable partners. Yet this step is necessary for growth. At a certain point, founders must begin to shift their role so that they spend more time working *on* the business rather than *in* the business.

"Some find that transition more easily than others," Kreysler says. "I have a harder time with that. Maybe it's because I love working in the shop and being part of the day-to-day or even minute-to-minute decisions needed to get things done. When you'd rather be in the shop, it's harder to step back and manage an organization."

Bringing outside experts onboard has the added advantage of alerting company founders to any potential blind spots. "The founders of the business – especially if they are the ones who invented that technology – have likely convinced themselves as to why it's good and why it's going to be successful," Schofield points out. "But due to the complexity of the composites market, there are often a number of barriers to the adoption of that technology of which they're not really quite aware."

While finding trusted associates can be challenging, it's equally hard for companies when a valued partner leaves. This hit home for Kreysler when his long-term business partner Serge Labesque retired several years ago. "He was a very smart guy but also an excellent craftsman. We complemented each other," says Kreysler. "He did the fabrication design and technical stuff; I brought the work in and took care of the business details."

Suddenly, the team didn't have Labesque to fall back on and make tough decisions nobody else wanted to make. "We'd become spoiled," Kreysler says. While it was a tough shift, Kreysler says that it ultimately benefitted the company as it pushed all team members to be decision-makers, rather than deferring to a single senior leader. When Labesque left, Kreysler says, "It broadened the decision-making base and forced more dialogue and consensus among the team."

Explore the Market for Opportunity

Schofield also encourages startup companies to gather marketplace feedback as soon as possible. "Engage the market as quickly as possible to test out your value proposition and modify accordingly," he advises. "You might think that one market segment is really where it's at for you, but when you test that you find it's not so attractive. You need that real-life feedback."

It's a challenge, but also a freeing opportunity for composite startups to evolve their products and companies into new directions. Reeve explains that only some of Composite Advantage's first products are part of today's offerings. "There were a number of



Above: Bill Kreysler founded Kreysler & Associates in 1982. Known for its creativity and craftsmanship, the company has garnered more than a dozen industry awards. **Left:** Lowell Miles has celebrated successes – and weathered many storms – as CEO of Miles Fiberglass and Composites, the family-owned business he founded 56 years ago.



Photo Credit: Miles Fiberglass and Composites

markets and products that never materialized,” he says.

For example, the company made prototype manhole covers for a few utility customers, but they soon found that other manufacturers had processes in place that could achieve similar products at a lower cost. The company leadership learned the hard way that they could make lots of products, but had to find the mix of materials, design and manufacturing that offered the best value for the customer. “The market will find the best value,” Reeve says.

Being open to unforeseen opportunities can spur growth. As Reeve explains, “There were a lot of times when there was an opportunity in a market that wasn’t something we originally had on our radar, but the opportunity came to us and we shifted to do that. Some of those worked out really well, and those were points in which we were able to grow the business.”

One of those serendipitous opportunities arose for Composite Advantage when a design consultant the company worked with on FRP bridge decks had a client also seeking a lightweight, modular tank system for hydraulic fracturing in the gas and oil industry. Composite Advantage was not supplying any tank products at the time but recognized that the design and manufacturing process for the product would be very similar to what it already had in place to produce its FiberSPAN® bridge decks.

“The product took off with the frack drilling boom. Our revenues almost doubled in one year,” Reeve says. “This enabled the company to buy its second building, add needed people skills and step up to the next level of capabilities.”

This kind of exploration also proved profitable for Miles

Fiberglass and Composites. Founded in 1963, the company now has 75 employees at two plants totaling 80,000 square feet. But it came from humble beginnings.

Lowell worked in his father’s cabinet-making shop through high school, before graduating in 1955 from Benson Technical High School with a certificate in tool and die making and landing a full-time job as a machinist. Soon after, he spotted an opportunity at a boat show in Portland, Ore., where only one GFRP boat was on display among all the wooden ones.

“I thought that fiberglass material would be great for the future of boats and many other products,” he says. “I asked my dad if he would allow me to tear down the old barn behind his cabinet shop and build a small building so I could go into the fiberglass business.”

Although his start was in boats, Miles gained additional experience after securing work with truck manufacturer Freightliner, eventually building complete frontends and other vehicle components. Through the years, the company has expanded into a variety of markets, from recreational vehicles and Sno-Cat® pontoons to the railcar industry and military market. One of the company’s most lucrative decisions was to create a Wind Service Technician Division.

By following the market needs, rather than committing to a single vision, the company has successfully weathered hard times. In 2019, the thriving third-generation company anticipates its sales will grow by 25 percent.

Create a Plan that Includes Funding

While flexibility is important, it is valuable for startups to outline a business vision and plan. Early on, it’s easy to get so wrapped up in keeping the business afloat that it may seem there’s never time to step back and think about direction. Still, it is important to have clarity around the business vision. “If you can imagine how the business might look in two or five years, then you will start to see the capabilities that you’ll need, how those capabilities are achieved and how you can afford it,” says Schofield. “That then drives startups to focus on the funding required at those stages.”

Capital is a big building block for success, and creating strong relationships with potential funding sources is vital for startups. There are many options for obtaining capital, but self-funding or building a relationship with a bank (rather than outside investors) helps startups to retain control in how the company grows. Miles advises entrepreneurs to remain as debt free as possible: “This allows you to weather many storms.”

To support his company’s growth, Reeve forged a relationship with a small bank early on. It was a fortuitous move. “Those types of organizations are more willing to work with, encourage and help small businesses. Some of the large banks get to the point where they’re so risk-averse that they only want safe things,” Reeve says.

Reeve provided Composite Advantage’s business plan to his personal contact at the bank and routinely keeps the financial institution apprised of upcoming projects that require upfront investments. “They constantly know how we are doing,” says Reeve.

That relationship proved particularly valuable in 2008. “When we were having some bad months through the recession, they were confident and comfortable enough that they didn’t constrain the value of our line of credit,” Reeve says.

No matter how comfortable your balance sheet is today, these entrepreneurs’ stories are potent reminders that every organization is at the whim of market cycles. Planning for a future of ups and downs may seem overwhelming for companies in the beginning stages of growth. It can help to know you’re not alone. Not only are you following a path paved by other entrepreneurs, but there are countless resources available to support small business growth.

“Be involved in composite industry associations such as ACMA and numerous other business groups, as well as business education,” advises Miles.

Kreysler offers another simple piece of advice: Don’t be afraid to make mistakes as they can provide learning opportunities. “I’ve bet the business many times, but part of doing that has to be a willingness to fail and to suffer the consequences, even if it means losing everything,” he says. “If you do things well and thoughtfully, the money will come, and the business will grow.”

Megan Headley is a freelance writer based in Fredericksburg, Va. Email comments to megan@clearstorypublications.com.



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