

# For Fibrex Corporation, Diversification is Key



By Jennifer Sikorski,  
CF Assistant Editor

**CF: How many employees do you have?**

**RW:** Right now we have about 12. That is the lowest we have ever been.

**CF: How many do you average?**

**RW:** If I average over the 21 years that we have been in business, normally around 35 in the shop, and five to six in the office, so a total of 40 or 41. Right now, we're at about 12, and that includes the office. The recession we're in right now reminds me very much of the recession in 1980 and 1981. Everyone we've talked to in our segment of the industry is crying the blues also. When I say "our segment," I am referring to fiberglass manufacturers who make corrosion-resistant equipment for chemical processing, pulp mills, and the like.

**CF: What is the nature of your company?**

**RW:** It's basically always been corrosion equipment since we started in 1982. We started in the pulp and paper industry, which in those days was quite active. As you may or may not know, the pulp and paper industry has almost died on the North American continent. Much of it has gone overseas. There have not been any new pulp mills built for years, there have been almost no expansions, and most of them don't even have the money for replacement materials. They're in worse shape than the fiberglass industry is. As that industry slowed down, we made the switch in the mid-'80s to the chlor-alkali industry, producing chemical processing pipe and header systems for chlorine gas. That's been our niche market—process-piping systems for chemical environments. That industry has been quite good, but it also currently is in a quiet period.

**CF: Do you foresee that rebounding?**

**RW:** Yes, I think chemical processing will rebound reasonably well. I don't think it's going to get back to the size it was in the '70s and '80s because there actually have been several chlor-alkali plants closing. I say they've been closed, but most of them have been mothballed. It is conceivable that they would open up again.

**CF: What is your personal history in the industry?**

**RW:** I worked originally in the pulp and paper industry, that's my background. As an engineer, I used to use a lot of fiberglass process pipe and ducting and so forth. I found it very interesting, so I left the pulp and paper industry and went to work for a manufacturer who is now a competitor. Ultimately, in 1982 I

acquired this plant as a result of a bankruptcy proceeding. In the 1981-'82 recession, the previous owners didn't make it.

**CF: Can you expand on your company's niche?**

**RW:** It's been a niche in two ways. One, the markets that we've served have been basically chemically processing, and specifically chlor-alkali. Secondly, in the manner of the products that we have provided. By that, I mean we stopped focusing on storage tanks and equipment that were freight-intensive in the early '90s, and we focused more on tubular shapes—process piping and headers.

Rick Watkins,  
President  
Fibrex  
Corporation  
Burlington,  
Wash.



**CF: Did you face any problems getting started in the composites industry?**

**RW:** Under-capitalization. We started with no money. We acquired the assets of the previous owners who went bankrupt, and we contracted the labor to the employees who previously had been employed by that company that went bankrupt. We contracted the labor to them so that when we got paid, they got paid. We did that for probably three or four months until we had earned enough money to start a regular payroll. From there, we built it up. It was a matter of extreme frugality.

In fact, what we learned when starting with no capitalization to speak of at all has actually served us in very good stead over the years when we've had dips in the economy. Even right now, business is at the lowest I can remember since the 1980 time period, yet we can sit and survive in this mood for several years. Because of that early startup, we learned how not to spend money when there's no justification for it.

**CF: Do you face any technical or regulatory obstacles?**

**RW:** I can't think of any in the technical areas. Composites lend themselves to such a variety of design approaches that truly interesting apparent obstacles can be overcome by unique design

approaches. It's such an interesting material of construction.

The obstacles are probably more in the area of regulatory with things like keeping up with ever-changing OSHA requirements. It's hard for a small company to justify having a person on staff who does nothing but keep up with regulations. It's not that there are that many changes that that's really necessary, but I guess carving out the time to keep up with regulatory changes is difficult and requires a lot of discipline. Things such as—and we recently experienced this—inspectors interpreting something entirely different than the previous inspector. We've undergone probably four inspections in the 21 years we've been in business, and we just experienced one probably two months ago. And their demands seem to increase over the same issues. So whatever you did to satisfy the prior inspector is no longer good enough for the current inspector. It seems that not only do they have new regulations, but they tighten up the existing ones. That's probably the largest obstacle as far as regulatory is concerned. Styrene of course is always an issue high on everyone's radar screen.

**CF: Can you describe your marketing efforts?**

**RW:** Our main marketing thrust right now is to diversify into non-chemical related markets. We're very interested, for instance, in subcontracting to other composites manufacturers, such as boat builders, and building components—even structural components—that have nothing to do with corrosion; building structural components for completely different industries. For example, we've recently been approached by a company that has a design for wind-powered generation, and they're interested in having us build very large, freeform sheets for their towers. It has nothing to do with the corrosion industry, and at one time we probably would have passed that by. I think we realize now that the chemical industry as it pertains to corrosion equipment is very mature, and it doesn't look like it's going to expand. On the other hand, some other fields, like wind-powered generation, are probably going to expand exponentially.

We're very interested nowadays in diversification, not just in products, but also in processes. We've been primarily filament winding and open molding, and we're looking at doing vacuum pegging and vacuum infusion and anything else that's required to  
*("Pulling Strings" continues on p. 95)*