

by Rebecca D'Amico

## Nero Plastics Reinforces Core Operations Now Seeking Growth

**RD: What is the nature of your business?**

**KH:** Nero is a custom molder of low and medium volume components for OEMs in heavy equipment, heavy truck, transit, medical, and other industries. We predominantly use the RTM and RIM processes, as well as a bit of SMC and cold molding. We partner with our customers by helping lead them through all phases of a product's life cycle—component design and engineering, prototyping, tooling build, production, and service part manufacturing.

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

**KH:** Nero currently employs approximately 140 employees at 3 plants.

**RD: What is your company's background?**

**KH:** Brad Faber, our chairman, started the company in 1980. We've been an RTM molder from the start, so we have a lot of good experience with people who have been here from the beginning. We've done a lot of different types of parts over the years. One of our main focuses at the beginning came from air pollution equipment components and corrosion resistant housings, as there were a lot of these companies in our area. Shortly after that we started doing bus parts and have progressively added different types of parts from there.

**RD: How has it evolved from its beginnings?**

**KH:** Most of the growth in our business has been in the last 10 years or so, and has come as we've worked on higher revenue programs with bigger OEM's. Our principal product offerings (body panels, enclosures, and coverings) have stayed the same, but we've added to those with some RIM interior components and more complex structures, such as floors of heavy equipment cabs. In the last few years we have become a much more disciplined organization, and I think we are building the capability to make higher performance components.

**RD: How did you get started in the industry?**

**KH:** Three and a half years ago Mark Schmidt, the plant manager at Nero's main production operation and a college friend of mine, recruited me to join a company he was passionate about. At the time I had almost zero knowledge of composites and was hired for an IT consulting project to improve the company's production planning system. After that project I became the CFO and will become the CEO in December. I'm still learning about the industry and am fortunate to be surrounded by a number of talented people, which is part of why we work very closely with other leaders in composites, such as JHM technologies and some of our other key suppliers.

**RD: What obstacles does your company face today in the regulatory or technical arenas?**

**KH:** Regulatory issues are a tough one, because compliance isn't really something you can see hitting the bottom line but you have to do it anyway. We've always been a closed molder, so MACT hasn't been a huge problem for us and we are in line with other regulations. I think the biggest technical challenge for us is having people who really know how to build

our parts. Like many fabricators, we grew with a "craftsman" mentality, so employees went through more of an apprenticeship than a real training program. But now that we have a larger organization and more new hires consistently moving in, we have to take a more systematic approach. We are doing this to some extent, and seeing good results.

**RD: What are your marketing efforts?**


**KH:** Other than current customers, we're really just re-starting any active marketing. For the last three years, we've really limited ourselves to improving service to our existing customers and developing our processes there. We stepped back, reevaluated, and focused on redeveloping our core manufacturing operations. We have made great strides, and there are

a number of additional improvements we have planned, but I believe we're ready to aggressively approach new business. We're restructuring our sales department to prepare for this, and we'll focus on direct contacts and presentations to potential customers. Additionally, we have a website to build exposure, and see a lot of referrals from our business partners.

**RD: What development or research would you like to see happen to improve the industry?**

**KH:** I think most pressing we need practical methods to control resin system prices. Before the one effective October 1 we hadn't seen a major increase in several months, but the trend over the last year and a half is staggering. There seems to be promising research coming from soy and corn based systems to provide additional options, and perhaps we'll see prices for these come down as usage of them increases. And maybe there are other ways to decouple resin prices from volatility in the underlying commodities.

**RD: Where do you see your business in five years?**

**KH:** The next five years I believe will be the most exciting in the history of our industry and offers many opportunities for those who can satisfy the market. We expect continued expansion as new customers get into composites due to increasing emphasis on weight reductions for fuel economy and equipment emission restrictions. However, this expansion will be coupled with intensified cost pressure from those same customers as suppliers in developing nations come online as viable alternatives. Overall, our focus is on increasing our capabilities with better trained employees, eliminating cost with better designed processes and manufacturing techniques, and building our technology and customer portfolios. There are a number of exciting developments going on in our company right now in this vein. We are in the middle of both a major investment program and restructuring to position us for this new game. We have one targeted acquisition and may be looking for more. We have international alliances and we need to develop more. I expect us to come out of these five years a much stronger company. 

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