

# DureX



## Building a Survivor

### Acquisitions Help Union Manufacturer Grow



When the sagging economy and foreign encroachment threatened DureX Inc., a Union-based metal fabrication and stamping company, it diversified through a series of partnerships and acquisitions to turn around its fortunes. The manufacturer has seen dramatic gains over the past three years, with revenues growing by 25 percent in 2010 and 30 percent in 2011, according to its president and CEO. This year's revenues are on track to top \$20 million, with more than 90 percent of business from U.S. customers and the bulk of exports shipped to foreign affiliates of American companies. "We're extremely diversified in our capabilities and our customer base. I have no more than 15 percent with any one customer or 20 percent in any one industry," said Robert S. Denholtz, president, CEO and sole owner of DureX. "So, we're not heavily concentrated." DureX, founded in Newark in 1946 by Denholtz's father and a business partner, and its three units have hundreds of clients, ranging from mom-and-pop shops to industrial giants such as Honeywell International, Tyco International Ltd. and General Electric Co., Denholtz said. "Our strategy has been to continue to add processes here that allow us to go into a large company and offer them a lot of capabilities under one roof," Denholtz said. Bob Loderstedt, president and CEO of the New Jersey Manufacturing Extension Program, said businesses like DureX that produce components for other companies are vital to advanced manufacturing for products like Boeing's Dreamliner, Harley-Davidson motorcycles and other products. "It is a robust sector, it is an important sector, when you think of it as part of the supply chain that ultimately feeds up to an original equipment manufacturer," said Loderstedt, who estimated the state is home to nearly 11,000 manufacturing companies. "It's all these tens of thousands of other small manufacturing companies that make these components and subassemblies." Denholtz, a onetime door-to-door salesman and aspiring actor, joined the family business — one he said often is mistaken with the condom maker — in 1972, and said he learned early on that products have short lives. He has been continually looking to diversify by adding service offerings and product lines; to do so, DureX has upgraded and added new equipment, and made strategic acquisitions, over the past few years. A typical acquisition target is a competitor with revenue between \$2 million and \$7 million; he said he keeps an eye out for other, smaller targets to supplement his lines. Among the company's recent pickups: Sternvent, a 2010 acquisition, which produces large dust collectors for pharmaceutical, woodworking and other facilities, and White Rail, acquired in 2009, which services garment makers and retail and wholesale distribution centers. It's also turned to partnerships in order to open new markets. For instance, Denholtz said, DureX has partnered with Ames Corp., in Hamburg, to help sell solar panel mounts. He's also working with the installers of framework for the heating and air conditioning units in garden apartments, high-rises and hospitals. Those diversification efforts are becoming increasingly important as larger customers, like the GEs and Tycos of the world, reduce their vendor bases, allowing them to have more leverage over the ones they keep — part of their long-term strategy, Denholtz said. The big companies are increasingly stretching payment terms and asking for cost reductions over time. "They can take four or five different processes and roll that vendor base into one vendor," Denholtz said. "We've been developing all these processes over the last six, seven years, and that's worked to our benefit."