



u.s. business review

Strategies, Solutions and Best Practices for Business Leaders

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PROFILE

Velvac Inc.

www.velvac.com

Headquarters New Berlin, Wis.

Employees 250

Services Heavy-duty truck parts and mirror system manufacturing

Jeff Porter, president and CEO

"Velvac people go the extra mile for our customers, and we hear that from them regularly."

Velvac Inc. manufactures mirrors and components for commercial vehicles to enhance driver safety.

A CLEARER VISION

Velvac Inc. may have gone through tough times in its 75-year history, but its growth strategy for the future has it back on the road, its CEO says.

by **Kate Burrows**

The "blind spot" of any vehicle represents a potential accident to others on the road, but for trucks and buses, these risks can have even more serious consequences. However, New Berlin, Wis.-based Velvac Inc. is making it a corporate mission to improve driver safety and reduce these common risks of the road by manufacturing comprehensive vision systems and components for commercial vehicles.

Since Velvac's early years in the industry, the United States Postal Service (USPS) has relied on it to keep delivery truck drivers safe, and it continues to be a customer to

this day. According to President and CEO Jeff Porter, the company's commitment to continuous improvement and innovation keeps its long-term customers coming back. "We see a tremendous opportunity to incorporate new electronic technology into our products going forward to improve driver safety," Porter says. "We began integrating cameras into our products in 2006 and we believe that is just the beginning.

"In addition, as a production supplier to the U.S. automotive industry, we've adopted automotive industry quality standards and practices for our products, from an extremely rigorous design validation process to Lean practices. This is

something many of our competitors have not done.”

Its commitment to customer service also sets it apart from its industry peers, he says. “Velvac people truly go the extra mile for our customers, and we hear that from them regularly,” Porter says. “We always try to be flexible and accommodating with our customers, and if the feedback we get is an indication, it appears our customers agree.”

When the company was founded in 1934, it manufactured “Velvet Vacuum Brakes” for heavy-duty trucks. This brand name later morphed into the company name Velvac. It expanded its product line with mirror systems in the late-1950s, Porter explains. “Today, we’re a major supplier to the motor home industry, and have the majority of the market share in that segment,” he says. “We’re also a major player in the package delivery truck and medium duty truck markets as well.”

TOUGH TIMES

In 2005, Porter and a private equity group, Chicago-based Prospect Partners, purchased

Velvac with a clear vision in mind. At the time, the firm was coming out of a difficult period due to the relocation of its manufacturing operation from Wisconsin to Mexico in 2001. “That was a difficult transition, and there were many challenges associated with the move,” Porter says. “Our delivery performance suffered and we strained a number of our customer relationships.

“These challenges occupied the majority of the management team’s time for several years, and that was followed by the sale process, so there was very little focus on bringing new products to market for a number of years. When we completed the acquisition in 2005, Velvac was just coming out of this period, so our biggest priority was to get the new product development engine re-started. We have invested heavily – approximately 3 to 4 percent of our sales since that time – on bringing significant innovative new products to market.”

“In addition, the company began a cultural transformation aimed at bringing ‘operational excellence’ to all aspects of the business,” explains Gina Katzke, direc-

tor of human resources. “Many employees and members of the management team fully recognized the need for innovation and change throughout the organization. People were really looking for new leadership to help steer the boat in the right direction, so we really didn’t have a lot of resistance,” Katzke says.

In 2006, Velvac began implementing lean manufacturing practices, and required 43 senior employees to undergo a 44-hour training course. “We met over a period of 12 weeks, and used that course as the kickoff to a number of improvement projects,” Katzke says. “We spent a lot of time ... brainstorming solutions.”

As a result of the company’s renewed focus on quality and innovation, employee loyalty grew stronger, and opportunities for growth were strengthened, as well.

The company plans “to grow by continuing to innovate and incorporate new technology into our products, and to serve other related commercial vehicle markets that we have smaller market shares in today,” Porter says. *USDJ*

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