

## Metal bender Capital Industries survives offshore competition with 'just in time'

Big niche

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Most Americans think of outsourcing as a scourge sucking the vitality out of American manufacturing.

But Capital Industries Inc. has turned that notion upside down.

Instead of watching its metal-bending business move offshore, the Seattle company has found a niche in the Puget Sound area supplying large steel and aluminum plates, precisely cut, drilled and bent, which companies assemble into boats, cranes and other products.

Capital works with big metal. Its largest machine weighs 300 tons and can exert 2,500 tons of pressure to bend heavy steel plate, ranking it among the largest owned by any independent company in North America.



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Brad Batton works a press at Capital Industries, which makes metal pieces for other local factories.

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Capital's customers include many of the region's well-known manufacturers: construction equipment makers, companies that support aerospace, and others who have decided it makes more sense to contract out heavy metal bending rather than do it themselves.

"We can't justify owning that big a piece of equipment, we'd have to run it day and night," said Glen Wooldridge, owner and president of Wooldridge Boats Inc. of Seattle, which makes

aluminum boats up to 27 feet long from aluminum sheets formed by Capital's machines. "They're close, they're very good with their tolerances, and they're easy to work with."

Capital's niche also includes supplying its pieces "just in time," so other manufacturers can put them right into their assembly lines without building up inventory of parts waiting for assembly. This type of lean production is increasingly common among Northwest manufacturers, and around the country.

"It used to be that 30 years ago, you made a batch of parts and sent them to the customers," said Ron Taylor, Capital's president. "They don't inventory anymore. We carry the warehouse."

And when it comes to just-in-time inventory, speed of delivery is critical, which gives Capital an edge against factories in Asia that might be cheaper.

"As long as (just in time) prevails, it's going to be difficult for offshore people to penetrate these markets," Taylor said.

Riding on this demand, Capital has been installing new and larger production equipment. Make that huge.

During a tour of the company's 120,000 square feet of factory space, which covers more than three city blocks in South Seattle, the metal-bending and metal-cutting machines just seem to get bigger and bigger. The largest machine, a tandem press created by linking two machines, is in a new building the company put up in 2005 to get enough vertical clearance to house it. The behemoth press towers 16 feet over the floor, and can bend a single piece of metal up to 56 feet long.

And it's just four miles south of downtown Seattle.

Another customer, Aluminum Chambered Boats Inc. in Bellingham, has come to utilize Capital's resources as a buffer between periods of high demand and slower times. Aluminum Chambered Boats sometimes has Capital cut and bend the aluminum plates from which the company builds its seagoing craft, and at other times does the work in-house, President Tim Metz said.

"It's a very dynamic equation you have to look at on a daily basis," he said.

In the past seven years, becoming a critical link in other companies' supply chains has become an essential part of Capital's business and now accounts for nearly half of the company's revenue, Taylor said. Revenue has doubled in the last three years, and now exceeds \$25 million, he said.

To meet its new role as a just-in-time supplier, Capital has added new capability including more warehouse space, upgrades to its shipping and packaging capabilities, and trucks and drivers to deliver parts and assemblies as they're needed.

"We weren't warehousing and distribution people before, but with the just-in-time ... it's driven us to that," he said.

Other local companies supplied by Capital include Redmond-based Genie Industries, which makes equipment that lifts workers to job sites, and Electroimpact Inc., of Mukilteo, which makes tooling that Boeing and other aerospace companies use to position aircraft parts for assembly.

It's perhaps ironic that one of the things that has catalyzed Capital's successful adaptation to a more global marketplace, and its acquisition of more contemporary equipment, was a 2005 fire that almost destroyed the company.

Taylor remembers the Sunday morning when he responded to a phone call from someone at the plant, telling him there was a fire. As he drove there, he could see the smoke over Seattle's Beacon Hill. By the time he arrived, the central part of the factory, which housed some of the largest metal-bending machines, was engulfed in flames.

Photographs taken shortly afterward show a smoking ruin with several destroyed machines. It could have been the end.

But Taylor, his fraternal twin brother and Vice President David Taylor, and other family members sat down together. Within three days they decided rebuilding was the only option, and soon the remaining machines were back making products, while other companies, some of them competitors, picked up other work.

"In a sense we were at a crossroads, but as far as David and I were concerned, the decision was easy," Ron Taylor said. "As business owners and the second generation, there's an aspect of stewardship."



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Pictured from left to right, are Capital Industries President Ron Taylor, fraternal twin brother and Vice President David Taylor, and Ron's sons Kyle and Bryan.

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Capital had enough inventory stored for its key customers, in facilities that were undamaged by the fire. The company maintained deliveries even while production slowed.

The firm's insurance company was willing to be flexible, and after substantial negotiations Capital was able to replace its largest machines with the new 300-ton Cincinnati tandem press, which cost more than \$2 million including installation.

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