

Competitive coatings

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Rich Rogers, American Autocoat president and COO, above, thinks his company has found a niche by providing high-value automotive interiors. The company hopes to add value to that process by incorporating injection molding as well.

PHOTOS: JOE BOOMGAARD

American Autocoat to become ‘one-stop shop’ by adding molding

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HUDSONVILLE — Automotive suppliers looking to stay competitive have had to look at adding value to the parts they provide to remain relevant in the industry.

For American Autocoat Inc., that’s meant investing in plastic injection molding so they can become a one-stop shop for Tier 1 and Tier 2 companies. Not only can the company provide its mainstay Class A finishings for parts supplied by customers, but also it will be able to mold those parts in-house after the two presses are up and running by August.

“The automotive industry has shrunk, but niches of it become the real opportunity and have evolved,” Rich Rogers, president and COO of American Autocoat, told MiBiz.

One niche where American Autocoat feels it can provide value is in high-value automotive interiors. Whereas auto buyers used to accept being seated amid a sea of “Toys ’R Us” plastics, their tastes have developed, and that’s sent automakers paying more attention to the durability, fit and finish of automotive interiors. After all, drivers spend most of their time in the cockpit.

While the European automakers beat domestic automakers to the punch in meeting this need, Rogers said the domestic companies are starting to take notice and get recognized for their interiors, and not just on the high-end models anymore. American Autocoat works with both the domestics and new domestics, including



Steve Cobane, quality specialist, right, inspects parts for abnormalities and color in American Autocoat's quality lab.

PHOTOS: JOE BOOMGAARD

transplanted European and Asian companies.

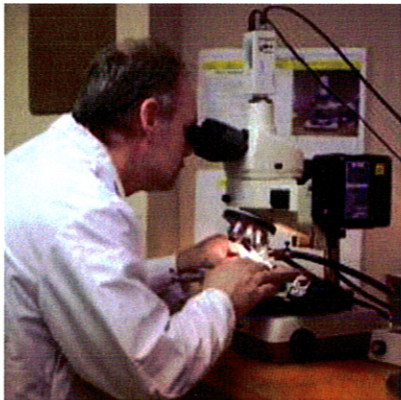
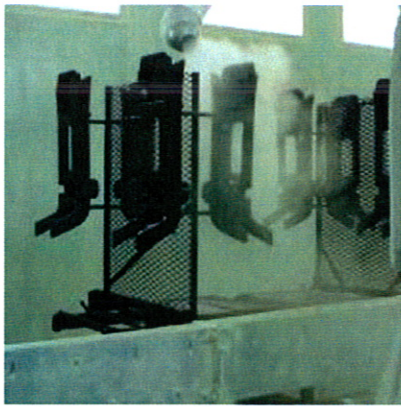
“The customer interest level is higher than ever for interiors,” he said.

Photo Gallery

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American Autocoat is a relatively young company, having started in 2002. Since day one, its board of directors' goal was to add plastic injection molding when the time was right. It had already planned space for the presses as part of an earlier addition.

Beth Gordon, director of business development for American Autocoat, said a special project request from a Ford supplier “opened the door” to seriously consider adding the molding equipment as soon as possible. The customer asked American



Autocoat to manage products at an outside molding company and then ship them in-house for the application of a high-end finish.

“If we have to take on that responsibility, why not do it in-house?” Rogers said. “Even if it was just across the street, (working with another molder) was not a lean process. We can control our own destiny.”

Despite a challenging economy and a reset within the automotive industry, Rogers said the company took advantage of its strong finances to “enhance the organization and our company” and invested in two new 427-ton servo electric/hydraulic injection molding presses, material handling systems and some site modifications. The conditions being what they are, he said the company also received a good value for the equipment. The “hybrid” electric/hydraulic presses were selected for their low energy use and clean and quiet operation. The company expects to increase its approximately 40-person workforce by 10-20 percent.

They’ve actively tried to diversify into other industries and have found some successes with agricultural equipment and consumer products. Since the company’s business is about 70- to 80-percent automotive, it felt the impact of the recent industry turmoil.

“We’ve definitely leaned up, tried to be proactive and pull back quickly,” Rogers said, noting the company simultaneously invested in its sales force. “We’ve strengthened our core team and have gotten much better with fewer people. We’re much more efficient — better than we’ve ever been, and that makes us more competitive. It’s not been easy, but a company our size doesn’t need a lot of opportunity to be successful.

“We’re riding that wave (of increased business in the auto industry), and we’re launching a significant amount of product in the next 90 days. It’s coming back to pre-recession, and over the next six months, we’ll be back to where we were before. And we plan to keep going forward.”

As it continues searching for the right diversification target, perhaps with the office furniture and other consumer products industries, American Autocoat will look to add more “post-paint” processes, like assembly. It’s also looking at other types of painting operations. “We want to be more of a one-stop shop,” Rogers said.

Most of the company’s competition and customer base is in the Great Lakes states, although it’s pursuing some of the new domestics in the southeastern U.S. It successfully won some work with a European automaker with a plant in the south that had tried five nearby painters to complete a job using some special technology without satisfactory results.

“They couldn’t find a coating house to meet their high demand for quality. The first time we did it, they looked at it and were very impressed,” Rogers said, noting the company would look to expand near those companies if it reaches capacity at its existing facility.

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