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SUCCESS INSIGHT

A Chamber Member's Story The Right Chemistry

Rick and Janice Ulrich do not have backgrounds in chemistry, but that hasn't stopped them from creating a formula for success with their elastomeric manufacturing company.

Sixteen years after it was founded, Structural Elastomeric Products Inc. in Tucson, Arizona, still doesn't have a chemist on staff—although Rick has taken chemistry classes. However, the Ulrichs perfected the process of making white elastomeric coatings. Elastomeric coatings are energy-saving, ecologically safe, “green” materials used to repair, waterproof, and create a reflective surface on roofs.

The Ulrichs' main customers are roofing contractors and do-it-yourselfers, but business really took off after major retailers including Ace Hardware, Sherwin Williams, Do It Best, and roofing supply warehouses began selling the Ulrichs' brand, Elastek. But getting those deals was tough. The key, Janice says, was to build relationships with roofing contractors who, then, began asking for the product at the stores. The Ulrichs sealed the Ace deal by offering to buy back any unsold product. “There was no risk for them that way,” Janice says. The company's sales grew from \$80,000 in 1993 to \$8 million in 2008.

The current credit crunch and slow housing market

have led to fewer sales over the past six months. “It's not the first time we've seen a slowdown, but it's different this time,” says Janice. That's because the company has also been hit hard by fluctuating oil and gas prices. Petrochemicals are used to make the resins in Elastek and the pails that the product is sold in. And when gas prices went up in the spring, so did the Ulrichs' costs. As of fall 2007, the Ulrichs hadn't increased their prices in

three years, but they adjusted their prices twice in 2008, although the price hikes did not keep up with 22% average monthly cost increases since May.

Though gas prices have begun to stabilize, the Ulrichs still have to cut back. They have stopped all discretionary spending, including their annual Christmas party. In addition, the employees have agreed to cut their work hours by 20%. “Our thought is that spring is our best season. And we hope that a lot of sales will come back then, and employees can go full time,” Janice says.

In the meantime, the Ulrichs are expanding their sales territory in New Mexico and Texas and are looking into taking on projects that can make use of their manufacturing facilities, such as manufacturing products for other companies.

To share your Success *InSight*, e-mail Greg Galdabini at ggaldabi@uschamber.com or call 202-463-5563.

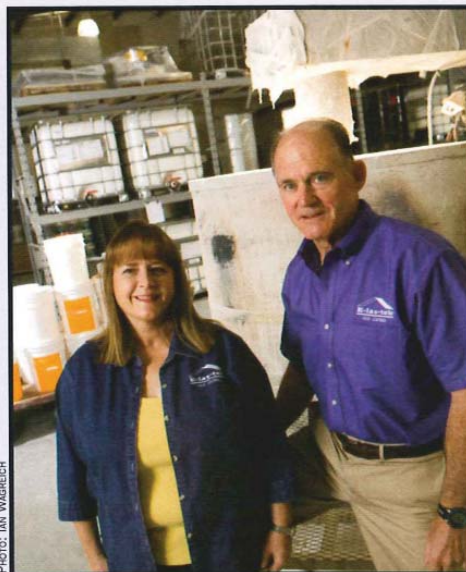


PHOTO: IAN WAGRECH

Retailers began carrying the Ulrichs' product after the couple built strong relationships with contractors.

MEMBER FACTS

MEMBER NAME: **Elastek**
 COMPANY: **Structural Elastomeric Products Inc.**
 E-MAIL ADDRESS: **marketing@elastek.com**

U.S. CHAMBER MEMBER SINCE: **2007**
 COMPANY FOUNDED: **1993**
 NUMBER OF EMPLOYEES: **24**

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