

feature focus

BY REGINALD TUCKER

Univertical Celebrates 70 Years of Innovation

On more than one occasion, the late Charles T. Walker (a.k.a. “Charlie”), founder of Univertical Corp., affirmed to his son Chuck Walker how the business today is much more difficult and challenging than it was during the elder’s heyday. It’s a notion that must seem—at times—hard for the younger Walker to fathom given all the obstacles his father faced when making the transition from a metal finishing supplies sales representative to a full-fledged manufacturer.

As the story goes, Charlie handled sales for a brass foundry in Detroit, the center of the electroplating industry with its focus on chrome parts for the automotive market. Then opportunity came knocking. One of Charlie’s clients, the Udylite Corporation, was in search of copper balls. Problem was, the company Charlie represented at the time dealt strictly in brass. Undaunted, Charlie—salesperson turned broker—found another company to fill the order.

Although Charlie brokered that business for nearly a year, he made very little money doing it. At the end

of the first year the company from which he won the business lowered their price and basically knocked him out. And, adding insult to injury, the foundry with which Charlie had booked the business, raised his costs and essentially priced him out of the brokerage business. Charlie’s response? Buy the equipment and do it himself.

“My dad was not afraid to try something new,” Chuck Walker said, reflecting on Univertical’s serendipitous start 70 years ago. Leasing a building that had once been used by automotive maven Henry Ford, Charlie started a copper foundry. He gained back the Udylite business, and this partnership lasted for many years. When Udylite ultimately made the decision to source elsewhere, Charlie faced that oh-so-familiar predicament of losing his only customer. His response this time around? Sell directly to the industry.

Charlie’s gutsy moves over the course of 63 years with the company not only laid the foundation for what would evolve into a resilient, diversified metals and chemicals company

The origins of 'Univertical'

In the 1930s, there was a focus on machining and tool making in Detroit that led Charles T. Walker to design a “vertical” milling machine—a tool for cutting and shaping metal—which featured a “universal” head that swivelled (universal + vertical = Univertical). Walker then began building the universal vertical mill, which serviced military clients. Walker earned contracts producing copper rotating bands for ammunition and shells, and did some brass forgings and bomb cluster adapters from WWII up to the Korean War in the 1950s.

today, but they also instilled in his son a robust sense of perseverance and innovation—skills the younger Walker would need to navigate the challenges he now faces as CEO of Univertical.

“Years ago we had a printed price schedule, customers phoned in orders, and that was that,” said Walker, a 32-year veteran of the industry. He hearkened back to the height of manufacturing in Detroit and the health of the automotive industry. “The industry went from its infancy in the 1930s and saw a massive build-up throughout the 70s; I remember



Then and now: Univertical’s Angola, Ind., plant, expanded in 1996, provides: 80,000 square feet for anode manufacturing; 20,000 square feet for chemical manufacturing; 40,000 square feet for warehousing; 5,000 square feet for machine shop and maintenance; and 10,000 square feet for engineering and administration.

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TIMELINE OF INNOVATION

In 1938, Mr. Charles T. Walker founded Univertical and began producing brass and copper anodes in Detroit, Mich. Since then, Univertical has made significant changes and improvements in the plating industry, including:

- 1938-1940**—produced the first cast nickel dog bone anode, flat bar anode and nickel ball anode
- 1950-1959**—produced the first phosphorized copper anode and invented the titanium basket
- 1960-1969**—patented the invention of the titanium basket assembly
- 1970-1979**—expanded into manufacturing of plating chemicals
- 1980-1989**—completion of chemical plant and the invention and patent for graphite baskets
- 1994**—achieved ISO 9002 registration (among the first 2% nationwide to receive designation)
- 1998**—developed the three axis process for production of copper ball anodes
- 2004**—held grand opening of Univertical International (Suzhou) Co. Facility

how simple life was then. Today everything is negotiated, the industry is much more commoditized, and margins are thinner.”

The biggest difference, Walker notes, is that today’s economy is decidedly more global, and much less provincial, than it was 30–40 years ago. And with that dynamic came consequences that have changed domestic manufacturing forever. “Back in the day our economy was the Atlantic to the Pacific,” Walker said. “Today, commodity prices and fuel and energy costs are driving our society, for the first time, to realize that the world doesn’t solely exist on our continent anymore.”

INDUSTRY IN TRANSITION

In the 1980s and ’90s, as automotive reduced the amount of chrome on cars, the electronics and printed circuit board industry took off in the U.S., which in turn became the largest segment of Univertical’s customer base. “It’s safe to say that the electronics industry probably installed more capacity than the automotive industry took out,” Walker said. “So we were able to continue to grow as a result of that.”

But as Univertical learned over time, “nothing lasts forever.” When the Internet bubble burst, electronics manufacturers sustained collateral damage. Commoditized by overcapacity in the U.S., the printed circuit board market suffered. Meanwhile, manufacturing began its steady shift to Asia. “Starting in Japan and Taiwan, then Korea, China, and

Singapore, the Asians were really able to capture the motherboard business for computers,” Walker recalled. “They were the biggest beneficiaries of the personal computer and cell phone industries, which really took off in the ’90s.”

Although Univertical was fortunate to have participated in this flurry of electronics business in the early 90s—exporting as much as 20% of its capacity—Walker knew the long-term response called for a direct investment via a wholly owned foreign corporation. In 2002, the shift of domestic manufacturing offshore and the subsequent drop-off in stateside demand forced Univertical to shutter its facility in Bristol, Conn. Bleeding red ink, it was time to act—and act decisively. Within months of the closure, the company signed a contract to build a factory in Suzhou, China, about 50 miles outside of Shanghai. And thus, Univertical International was born. “We essentially went to China to recapture some of the electronics business,” Walker explained.

Weighing the decision to invest in China, Walker recalled a conversation with his father—then in his mid-80s—in the kitchen of the family home. “Do you think we should do this China thing? I asked him, and he said, ‘Yeah, let’s do it.’ I looked at him and said: ‘What have you got to lose? You’re 85 years old! What if this thing blows up? I’m gambling my future here!’”

Clearly Walker was a lot more concerned about it than his father. After all, this was uncharted territory. But

true to his knack for taking calculated risks, the reward paid dividends. “We’ve been operating in China now for five years and it’s doing very well,” Walker said. (A new general manager, Andrew Wilcox, oversees a staff of 55 employees at the plant in Suzhou.) “We made a decision to invest in China, and we’re glad we did it.”

So glad, in fact, that Univertical International is planning an expansion that will double the facility’s output. The strategy, Walker notes, is a direct reflection of the burgeoning demand among local manufacturers. “Our move to China was designed specifically to serve the electronics industry in Asia—the market that left the U.S.,” Walker explained.

Recapturing and “maintaining” business in China isn’t easy, though. (But then again, when have the Walkers ever shied away from a challenge?) On one hand, Univertical is counting on seizing more market share in China based on the size and scope of the Chinese market. Estimating Univertical International’s total share to be somewhere in the single digits, Walker points to untapped opportunities—particularly in the niche market of true, high-quality chemicals and anodes. On the flip side, he’s fully aware that the Chinese are getting better at it as well. The game plan, he said, is playing the quality differential.

“We see the future of the China business getting stronger for us by being a local, quality supplier,” Walker said, citing the company’s slogan: “The Global Benchmark of

Quality.’ For Univertical, it’s more than a catch phrase. “Customers are becoming more sophisticated at recognizing quality. We know we’re not a solution for everyone, we’re not the low-cost manufacturer or the cheapest solution. We’re trying to be the highest quality, which we think pays back in terms of customer yield and output, plus reduced failure and potential scrap risk.”

The fact that a representative portion of Univertical’s business is sole-sourced is a testament to the company’s marketing approach. A cursory glance at some of the prestigious names on the company’s client list (IBM, Motorola, and Texas Instruments) bears this out. Adherence to this strategy sometimes

requires Univertical to shun a bid every now and again. “One of the reasons why we’ve survived is we won’t match competitive pricing in a lot of cases,” Walker explained. “If the customer doesn’t recognize the difference in how we operate, and the service we deliver, we choose to walk away from those customers.”

THE NEXT BIG THING

Looking ahead to the future of Univertical—and perhaps ostensibly to the next generation—Walker is keenly focused on continued innovation. From a new product standpoint, Walker hinted at the U.S. launch of a copper sulfate crystal product he claims will be the only domestically made line specifically

designed for the plating industry. Other diversified products are also in the pipeline.

Of course, achieving greater efficiencies through automation is another directive. For Univertical, which develops its own processes and the process controls that support automation, it’s something that comes naturally. But what the end game is really about is the quest to continually create value for customers.

“This company was my father’s baby, and me being second generation I’m pretty proud of it, too,” Walker stated. “It can be very tough sometimes, but I’m proud of what we’ve built. My father’s ultimate joy was doing something meaningful for someone else and getting paid for it.”