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COVENTRY - It would have been easy enough for Randal Spencer to just give up.

If he shut down Concordia Manufacturing LLC, it would just be another old-line Rhode Island textile manufacturer putting 60 or so people out of work as it moved production to Asia.

Spencer, however, decided in 2003 that the employees and the company could improve on its \$6 million in revenue and do more than just become another Rhode Island manufacturing casualty.

The president and CEO of Concordia began implementing a plan to turn the then 83-year-old Rhode Island yarn manufacturer into a biomedical product manufacturer. With a \$1.45-million cash infusion from the state, Sovereign Bank and local investors, the company built a sterile production room in one of its wood-floored mill buildings and started focusing on knitting and braiding fibers to be used in the human body.

Concordia's transformation, however, from making fabric for power transmission belts to making fabric that can be absorbed by the body stalled. Concordia's biomedical customer ended up putting its fabric production on "hold," said Spencer.

"Our weakness initially was that we only had one main customer," said Spencer. "So when that got put on hold, that hurt."

Spencer, though, refused to halt the transformation. Although he did have to lay off some employees, Spencer kept pushing to line up customers in the biomedical industry. Last year, he took another chance and bought Albany International Research Co.'s biomedical product line. The purchase included the equipment and processes for making a nonwoven fabric that can be easily absorbed by the human body and can be used to grow cells in the body. Spencer also hired Art Burghouwt, a biomedical consultant and former executive at Genzyme Corp. in Cambridge, Mass., with 20 years of medical-device experience, to run Concordia's medical business.

Now the company is doing business as Concordia Fibers and recently gained international standardization certification as a medical products manufacturer. Burghouwt, 53, and Spencer, 42, want to make biomedical manufacturing responsible for 30 percent of the company's revenue by the end of the year and are shooting for profitability by then.

"Spencer's been the architect of the strategy to reengineer the corporation and he now has at his side a very compelling partner in Art," said Richard Horan, managing director of the Slater Technology Fund, a state program that invests money in fledgling Rhode Island technology companies to help them get up and running.

"The last 12 months, Randy succeeded in putting in a lot of the pieces he needed to put into place -- the financing, the customer relationships," said Horan. "2006 is going to be the year in which hopefully all those pieces fit together in a compelling strategy."

Horan will be keeping a close eye on Concordia this year. The Slater Fund has invested \$250,000 in the company since 2003, including \$150,000 last year.

In addition, the Business Development Company of Rhode Island last year loaned Concordia \$300,000. And the company was able to obtain about \$100,000 worth of training for its workers through a grant program administered by the Tech Collective, a local technology trade group, said Horan.

Concordia's ability to succeed in the biomedical field could have larger ramifications than just keeping Concordia's 60 manufacturing jobs in the state. Concordia serves as a model to other local manufacturers looking for a way to stay in business and grow revenue, said Horan.

"For a textile manufacturer, New England is not a good place," said Spencer. "But because of what we want to do, we're right in the heart of the [biomedical] research" belt between Boston, Providence and Connecticut, said Spencer.

Concordia was founded in 1920 as a manufacturer of silk yarns. Later, the company moved into the production of synthetic fibers. Concordia started producing sails for boats, commingling fibers to make tennis racket frames, and making fabrics for the automotive and the aerospace industry. That type of manufacturing is still about 90 percent of the company's business, but it is shrinking daily, said Spencer. Most recently, financial problems at U.S. auto manufacturers have hit Concordia hard, said Spencer.

"We were making a lot of material for the auto companies," said Spencer. "In the core business we're under tremendous price pressure."

That loss is what is driving Spencer, and now Burghouwt, to make Concordia's transformation complete. Despite early glitches, the two are confident biomedical fabric manufacturing will take off. Concordia has dubbed the new fabrics Biofelt, and they can be used for tissue engineering scaffolds. These scaffolds can be implanted with human cells and put into the body, where the cells follow the path of the fibers in the fabric as they grow to replace damaged tissues. Eventually the fabric dissolves, leaving just the newly grown tissues. Companies and medical researchers are testing the fabrics to grow arteries and other types of body tissues.

Concordia is working to develop partnerships with medical researchers at universities and medical-device makers and has started supplying companies with fibers. In addition, Concordia is working with polymer scientists to research the possibility of putting proteins into the fabric or creating shapes -- to provide a better framework for the growing cells, said Burghouwt.

Right now, the biomedical business is requiring more investment than it's returning for Concordia. "At the end of the day, we're not making money with biomedical," said Burghouwt. But that's something Burghouwt and Spencer plan to change this year.

Biomedical "is the only way I know how to save the jobs in this plant," said Spencer.