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New technology offers textile maker room to grow

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Randal Spencer, president and CEO of Concordia Fibers, holds up a piece of the company's 'Biofelt,' which can be used to help build new tissue such as blood vessels. Biomedical products offset low-tech losses to Asia.

It was a first for the textile company. Two trucks pulled up at Concordia San Francisco, a cinematographer from Los Angeles and a film crew from Boston.

The moviemakers came to tell the story of how 86-year-old Concordia has developed fabrics for the biomedical industry, created a new revenue stream, and avoided the fate of the many other U.S. textile manufacturers who've been closing down as their business moves to Asia.

Randal W. Spencer, president and CEO of Concordia, recounted in disbelief how the film crew "took over" his company for a day. Yet he says the positive buzz about Concordia's reinvention as a player in the biomedical game has been welcome.

Last week, Spencer smiled as he said the private company was profitable for the first time in longer than he was willing to disclose.

The chief executive was more open about recent developments in the company's journey back to profitability. "We've come a long way in the last year," he said.

Concordia last month finished building an addition to double the size of its sterile facilities, where the company produces a "Biofelt" that can be absorbed by the human body.

Need a new artery? Biofelt is made of polymers that enable living cells to grow over its fibers to the point where human tissue replaces the material - to form, say, a new artery. Researchers at Yale University have used the material to make new blood vessels for dogs.

In 2004, the company bought equipment to make the unique material, and customers for the product, from Albany International Corp., Spencer said. And last year, he hired Art Burghouwt, a 20-year veteran of the medical-devices industry and a former employee of

Genzyme Corp. in Cambridge, Mass., to head up Concordia's biomedical business.

Those investments have paid off.

Concordia's biomedical customer list has swelled from just two to more than 30 since early last year, Spencer said. And revenue from selling its biomedical products has grown from less than 5 percent to 25 percent of the $7 million company's total income.

Recently, an undisclosed biomedical client awarded Concordia a contract worth more than $1 million to develop new products with its Biofelt, said Burghouwt, who's now executive vice president of Concordia. That customer is in the process of filling the new space in Concordia's sterile facilities with more than $500,000 in new equipment.

Burghouwt said Concordia has been working to capitalize on an industry trend in which biomedical companies are outsourcing manufacturing, as well as research and development, in an effort to focus their capital on product sales.

"There are hundreds of millions of dollars worth of opportunities ... to manufacture these types of materials," he said.

The company last October received an accreditation for its clean and safe production system from the International Organization of Standardization

(ISO), a credential some customers require of their contract manufacturers, according to Spencer and Burghouwt.

Yet even as orders increase for Concordia's biomedical products, its core business of making synthetic fibers is shrinking by the day.

"What the medical business is doing is preserving jobs that we might not have been able to preserve without it," Spencer said.

The challenge, he said, is to train many of the company's some 60 employees in how to make the new materials. "I don't worry about competition as much as training everybody and getting them up to speed."

Many of the company's manufacturing workers have experience using their hands, he said, which has helped them learn the process of making the biomedical materials. And, he noted, the company has received $140,000 in federal grants to conduct the training.

During a tour of Concordia's main production facilities last week, several machines were humming on one floor, spinning fibers used to make side-impact airbags for BMWs. Yet the majority of the textile equipment sat idle.

"Six years ago, all these machines were going flat out," Spencer said.

In the late 1990s, Concordia was able to rely on strong orders for its carbon-based fiber, used to make tennis rackets for England's Prince Sports Inc. Yet as Prince began to make fewer of the rackets, due to waning demand, and more of its core business was lost to Asian competitors, Concordia's bottom line suffered.

The slowdown prompted Spencer and his business associates to seek growth in the biomedical market. In 2003, Concordia spent about $1.5 million to build a sterile facility to make biomedical materials, with financing from the state, Sovereign Bank and the Business Development Company of Rhode Island.

Spencer credited Richard Horan, head of the state's Slater Technology Fund, with convincing Concordia's board of directors in 2003 that investing in its capacity to make biomedical materials could reverse the company's decline. (Slater usually focuses resources on young companies, yet it has invested $400,000 in Concordia's new biomedical business.)

"Hopefully," Spencer said, "we've started early enough to reinvent ourselves."

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