



Pictured at the new Bobingen facility during the first day of the plant's transfer from Invista, are (standing left to right): Rosario Ravi and Heinz Winter and (kneeling left to right) Mehmet Evin and Christian Straub

Virginia headquartered producer of industrial polyester, whirlwind change has been the norm over the past three years as the company dramatically expands its global footprint.

Performance Fibers, a former Honeywell International business division (which prior to that was part of Allied Signal before its merger with Honeywell in 1999), was divested by Honeywell and purchased by private investment firm Sun Capital Partners Inc. in December 2004.

In the aftermath of its sale to Sun Capital, Performance Fibers has embarked on its own flurry-paced acquisition and expansion strategy, most recently capped by the company purchasing Invista Resins & Fibers GmbH's German polyester yarn operations. The transaction was completed in August (terms of the deal were not disclosed). The acquisition includes three manufacturing facilities in the country, which produce fibres for sewing thread, technical textiles, and other industrial and speciality applications.

"The integration of the German activities is in full swing," said Alex Carnevale, vice president and managing director of Performance Fibers' European operations. "We are already providing our new and existing customers with an expanded product portfolio and working on additional ways to maximise our new capabilities."

The recent transfer of the Invista business continues an aggressive global growth strategy for Performance Fibers. In August 2005, the company acquired the North American business (located in Alabama) of Netherlands-based Diolen Industrial Fibers. The deal brought high-tenacity polyester yarn manufacturing and fabric conversion to help serve Performance Fibers tyre customers in the region.

Earlier in 2005, Performance Fibers announced the expansion of its Asian

# High Performance growth

Performance Fibers has embarked on a whirlwind acquisition and expansion strategy. Mike Cole reports

SELECTED AS the keynote speaker at the Techtexil North America conference at Atlanta in March, Performance Fibers president and CEO Greg Rogowski offered his own perspectives on the intricacies of the new global economy to the audience. "Nowhere has the difficulty of adjusting (to it) been as challenging as in fibres and textiles," he said. "What 50 years

ago was a relatively new, high-margin product – industrial fibres – today finds its value proposition challenged by many issues, including supply and demand. To be successful in this environment, companies must be able to both react to and anticipate rapid-fire change."

Rogowski can attest first-hand to the dynamically shifting landscape. For Performance Fibers, a Richmond,

operations in Kaiping, China. The company is nearing completion of its second polyester fibre and fabric plant there to meet demand from China's growing automotive market. Online operations are expected to commence in the fourth quarter of 2006, according to Rogowski.

Also in the region, Performance Fibers has embarked on an additional speciality fibre PET expansion in South Korea as part of its joint venture established in 1999 with SYSKO. This expansion focuses on the growth in the automotive segment as well as other speciality applications in various broadwoven end uses.

With the Invista acquisition, Performance Fibers adds Germany plants located in Bad Hersfeld, Bobingen and Guben, along with a Hattersheim-based office devoted to commercial and customer service activities. Carnevale said the company is inheriting more than 400 customers at the outset of the transaction and more than 800 employees, increasing Performance Fibers' total employee count to approximately 2,800.

## Applications

Long established end-use applications that are made with Performance Fibers materials include tyres, seat belts, webbings and broad-woven fabrics, sailcloth, and ropes for offshore mooring. The company has a strong position in the world's tyre polyester market, providing the material to several key producers that include Michelin, Goodyear, Continental, Bridgestone Firestone and Pirelli. At its European headquarters located in Longlaville France, the company produces high-modulus, low-shrinkage (HMLS) polyester fibre to serve those tyre customers' European operations.

## Low-denier opportunity

Asked about the appealing elements of acquiring Invista's operations, Rogowski cited its manufacturing capabilities for producing "low-denier" solutions (of 500 denier or lower). "LDI is used in outdoor fabric, awnings, banners, signs and flags - a lot of the (applications) we already play into," he said. "But we couldn't offer a low-denier solution

previously. We can now."

Rogowski said the company can also offer low-denier solutions for a brand new range of end-use applications it did not even provide fibres to in the past. "We'll now be able to supply (for) non-apparel articles such as mattresses, home furnishings, luggage and tents," he said, "and low-denier thread is also used in garments, from fine blouses all the way to coveralls."

Whereas high-denier are used in materials requiring more strength (including ropes and cordage, woven fabric and tire) and typically involve higher rates of production, Carnevale said a low-denier product portfolio will enable Performance Fibers to provide greater speciality and customisation for its customers. "We can react quickly to their needs," he said. "Low denier goes into precise weaving. The real advantage is you can make small lots. This was a very specific situation where specific product lines, people, and processes of Invista were very complementary to ours."

Rogowski said the German acquisition also opened doors for providing new high-denier industrial solutions not produced at the company's Longlaville facility, for applications such as roofing membrane and truck and boat covers. He noted that the German facilities also afford a new foothold to the European seatbelt market, complementing its strong market position already in North America. (Performance Fibers' Securus polyester fibre is used in webbing in seatbelts and produced from its Moncure facility in New Hill, North Carolina.)

Opportunities to produce new materials for conveyor belt, v-belt and hose applications were also an appealing element of the transaction, Rogowski said. "This opens up a whole new opportunity on the high-end performance side that we didn't play into before," he said. "We bring medium performance on our end and are now able to combine that with some of the high performance applications that Invista brings. We were unable to make those high-performance materials with our equipment in Longlaville."

Carnevale said that Performance Fibers has proactively focused efforts on

internal communications and town hall meetings during the past two months to accelerate the integration between German and France operations, and bridge geographic and corporate cultural differences. "Having been separated ourselves from Honeywell operations, we understand firsthand the uncertainty that can come out of that (transition) period," he said. "Our challenge is to integrate the companies so they now have a common vision."

As Rogowski suggested during his keynote speech at Techtexil, part of that vision is for Performance Fibers to transform along with the changing global economy. Its recent ventures in Asia, Europe and the former Diolen operations in Alabama were all in response to customer migration to those three areas, he points out.

Rogowski, who retained his leadership position in the company following the Honeywell divestiture, said it is now more flexible and agile as a stand-alone entity. He said the strong financial support that Sun Capital has provided is reflective of an emerging business model, where ambitious venture capitalists can provide the rapid monetary infusion necessary for innovation and expansion. (Sun Capital has invested in more than 100 companies since 1995, ranging from restaurants to electronics companies, and it specialises in purchasing businesses that are part of large corporations but demonstrate potential to grow independently).

To compete with fast-paced competitors and adapt, Rogowski said that successful companies must shed typical strategic planning practices (which he maintains are often slower to implement) and think more strategically rather than operationally. Performance Fibers has adapted a strategic planning process based on "adaptive planning and rapid implementation," a concept that advocates moving fast when growth opportunities present themselves. "It's daunting sometimes but it's also exciting," said Rogowski. "There are just unbelievable opportunities out there and it's really a matter of figuring out and executing on what those opportunities are. It's our goal to make sure we're positioned to seize them." **TM**