

**Contact:** Jana Adkins,  
Business Editor  
**Phone:** (661) 287-5599  
**Fax:** (661) 255-9689  
**Email:** biznews@the-signal.com  
**Story tips:** Do you have a business story tip? Report it online at [www.the-signal.com](http://www.the-signal.com) under the Business tab in the menu bar.

# Business

The Signal proudly publishes  
SANTA CLARITA VALLEY  
BUSINESS JOURNAL

SUNDAY, JULY 31, 2011 · WWW.THE-SIGNAL.COM · A9

## The one-stop metal shop

**Metalwork:** Valencia business owner has steadily grown his sheet-metal, powder-coating business, looking to expand

By Jana Adkins  
Signal Business Editor

Some say Earl Bayless is lucky. But luck has little to do with the success of Bayless' business-building skills over the years.

Bayless, founder of Valencia-based Bayless Engineering and Manufacturing, first started his business in 1978 in a 1,200-square-foot shop.

By 2011, he has acquired several industrial buildings, businesses and pieces of machinery.

Today, his firm occupies a little more than 100,000 square feet, and he is in the process of purchasing another building adjacent to his companies Bayless Engineering and Powder Coating Plus.

With his business growing, quite simply, Bayless is running out of room.

A seemingly modest man, it would be a mistake however for anyone doing business with Bayless to underestimate his ability to spot a deal and strike when the timing is right.

"Opportunities always come up," Bayless said. "And I take advantage of them."

What some may interpret as silence is more likely Bayless sizing-up his situation or planning his next business move.

"He's more of a risk taker than most," said Rod Smith, vice president of Bayless.

### Journey

Bayless began his journey in Sylmar as a one-man machine shop in the late '70s.

An early customer, Bendix, established a relationship with Bayless. Needing shorter lead times, Bendix, a brake manufacturer, asked him for help securing sheet-metal parts more quickly.

Bayless operated as a middle man for a couple years, doing well enough that his business outgrew its space. In 1989, he moved his company to Valencia.

As other companies began approaching Bayless with requests for help, the business growth was becoming overwhelming.

So he seized an opportunity to buy a sheet-metal shop that was ready to go out of business. Putting himself in the sheet-metal business, he no longer needed to farm projects out.

But he did need help running the business.

Enter Rod Smith, his vice president. Bayless asked him if he wanted to help Bayless run the company, and the two have been working together for the past 18 years.

With a machine shop and sheet-metal business, Bayless next purchased Powder Coating Plus when the original owners ran into trouble.

The timing was perfect for the



Bayless Engineering and Manufacturing, from left, President Earl Bayless, Controller Andrea McAfee and Vice President Rod Smith stand overlooking the assembly and powder-coating facility in the Valencia Industrial Center on Wednesday.

growing business, which up until then, had been sending all its powder-coating work out to the San Fernando Valley.

By now, Bayless had built a one-stop sheet-metal business — but he was out of space again. And his next client, Haas Automation, said he needed more floor space before they could do business with his firm.

In 1999, Bayless cut a deal with his landlord to lease another building nearly three times the size of his current location at the time. Haas Automation is still his client today.

In 2007, Bayless acquired another small company, Wright Engineering.

### Clockwork

The recession heavily affected the sheet-metal and powder-coating company, as it did to many other businesses.

"We went down 50 percent in employee count and sales," Bayless said.

The company worked with its employees to cut work hours and shorten the workweek to keep its core people on board, Smith said.

It's hard to find manufacturing employees, and we wanted to be in a position where we could take off immediately when business returned, he said.

"I have never seen a year like 2008," Smith said. "All sectors were flat."

At the point the federal government declared the Great Recession

over, business slowly began to return in late 2009, Bayless said.

And as economists were reporting the signs of recovery were in place, Bayless said, business rebounded in 2010.

And just as economic indicators showed real promise in the manufacturing and employment sectors in 2011, business at Bayless Engineering was really kicking into high gear.

"This is a record-breaking month and a record-breaking year," Bayless said.

And not just since the recession, Bayless said business is breaking all prior records. The company has been steadily hiring in the last nine months.

"And we've hired the most people in the past three months," said Andrea McAfee, controller.

### Industry

"People think manufacturing is a dying industry in the state and in this country," Bayless said.

But that's not true, he said. Locally, the industry is in resurgence mode.

Technological advances are allowing companies to turn products around faster than ever, supplying customers more quickly than it takes the overseas companies to produce and ship products back to the states.

And because technology is evolving, product needs are rapidly changing. Overseas countries just can't make the changes as quickly as companies want.

"Often times, speed is far

more important than cost," said Tim Burkhart, maintenance and engineering director with Six Flags Magic Mountain.

"I'd pay several times more the cost of something, to get it here twice as fast," Burkhart said.

Burkhart toured the Bayless Engineering and Powder Coating Plus plants in June looking for a local parts resource for the park. He said he was surprised by the kind of equipment, capabilities and work at Bayless Engineering.

Overseas prices are losing their competitive edge as well, Bayless said. China used to be one-quarter of our cost.

Now its cost is 60 to 70 percent of what we can do in this country, but locally we can provide shorter lead times, a savings in shipping time, face-to-face meeting opportunities and no language barriers, he said.

Burkhart said sometimes he only needs one-off products. On occasion, he might need 100 or 200 items made.

But the strength of having local vendors is that Burkhart now has a resource when he has a task or a problem he needs help with, he said.

"Now I have a relationship with Earl," Burkhart said. "I'm not talking to Korea or China. I'm talking to Earl."

### Products

The company produces a wide array of products from small parts to wind turbines; and can take an idea from a concept on a napkin to fruition, Smith said.

"Security and green technology is thriving," Smith said.

Bayless Engineering is manufacturing anti-terrorist hydraulic security doors for Princess Cruises, and the chassis for green charging stations in Washington, Oregon and California.

The company also works on custom orders, and the workshop recently assembled 10 patented Pilates machines for a Claremont business.

"We've survived based on our versatility," said McAfee.

In May, Congressman Howard "Buck" McKeon, R-Santa Clarita, toured Bayless Engineering.

"I was very impressed with the work being done by Earl Bayless and Bayless Engineering in Santa Clarita," McKeon said. "I was especially encouraged by the jobs they're providing in our community."

Local clients include: Boston Scientific, Advanced Bionics, ADI, B&B Manufacturing, Applied Companies, Aerospace Dynamics, Remo and more.

"The innovation and technology coming from Bayless Engineering also puts Santa Clarita on the map for greater outreach and business development," McKeon said. "They are doing a wonderful job."

### Growth curve

Today, Bayless Engineering is operating two 10-hour shifts, six days a week.

And Earl Bayless is in the process of purchasing a 25,000 square foot building so the business has more room for assembly functions.

The company has 200 employees among Bayless, Power Coating Plus and Wright Engineering, and it takes in up to 10,000 orders per year.

Roughly 75 percent of its business is in the sheet-metal business, 15 percent in the machine shop and 10 percent exclusive to powder coating.

Powder Coating Plus also takes in jobs for powder coating only, adding another stream of growth activity for the company. It's the largest powder-coating company in Santa Clarita Valley, Bayless said.

With seven trucks and two semis to pick up and deliver products, Bayless plans on continued growth.

"We're expecting to do \$20 million in the next 12 months," Bayless said.

Walking through his shop Powder Coating Plus, Bayless scans all the activity with the same enthusiasm he had when he first launched the business.

"I've thought about retiring," Bayless said. "But I don't have a hobby. This is still a tremendous source of satisfaction."

[jadkins@the-signal.com](mailto:jadkins@the-signal.com)

## Eliminating the toxins from your company

The role of a leader is to set a positive tone, to lead by example and to use real-life examples to continually teach employees what is expected in the workplace.

This is not always easy to do, and it is more difficult when the work environment has toxic relationships with vendors and clients, employees and managers on the payroll and no one has a tool to fix the situation. The environment often becomes more toxic.

### Toxic vendors

Almost every organization has toxic vendors. There are some suppliers who shouldn't be in a business relationship with your company. This would be someone who fails to deliver what is needed, when it is needed, where it is needed, in the agreed upon condition and a price that works for both organizations.

In a meeting with the category buyer at Sam's Club, I was told that they were growing at 30 percent a year, and our company's products were growing at a rate less than that. We had one year to increase sales to their rate of growth or displacement would occur.



At this point, we were the toxic vendor to Sam's Club. I gave Sam's Club credit for allowing us the opportunity to make changes to become a better vendor.

We did what was asked of us in a short period of time, creating a stronger relationship.

### Toxic clients

Toxic clients exist. Unfortunately, owners don't have the same vision or hearing that people who deal with clients every day do.

As a result, everyone but the owner puts up with demanding, selfish clients. It is often only a fluke that the owner learns about the constant burdens that this kind of client places on staff.

At least once a year, every client should be reviewed. While this ranking exercise should be done on volume, revenue, gross profit and net profit, it should also be performed based on the "hassle factor."

Toxic clients should either be eliminated or pay more for the anguish they cause the organization.

### Toxic employees

Toxic employees exist at every level. The sad thing is that many of these individuals don't realize that they are toxic because that is the nature of who they are; negative about life and work, gloomy and angry; sarcastic; more concerned about everyone and anything else than about the job they are being paid to do.

Poisonous employees, whatever their position or responsibility level, can be expensive.

This type of employee is typically disengaged, underperforming, high-maintenance, requiring additional supervisory time to keep them on track.

This kind of employee has a bad attitude and often demonstrates a lack of respect toward co-workers, supervisors, and employees; creating and spreading gossip and dissension, lacking energy or enthusiasm toward assigned tasks, with poor manners while always questioning authority with the mistaken belief that pol-

itics and procedures do not apply to them.

Even in the best companies, where regular performance evaluations are conducted by experienced supervisors, having a conversation with a toxic employee about attitude, behavior and conduct is not easy.

It is often only discussed when a breaking point is reached. Sometimes this never happens and the toxic employee continues on, unchecked.

Candice Gottlieb Clark, president of Mediating Solutions, of Studio City, uses a simple formula for helping supervisors address toxic attitudes, behaviors and conduct. It consists of four sentences that are not to be responded to by the employee. Below is an example of a supervisor using the formula when addressing an employee continually arriving late to work.

Note that the words of the formula are in capital letters and the lower case words are the words that the supervisor needed to put together to explain clearly what the toxic employee's attitude, behavior and conduct was doing.

"I feel you are disrespectful to the company, me and your coworkers, when you arrive late to work because everyone else arrives early or on time to work every morning, what I would like is starting tomorrow morning you arrive either before 8 a.m. or at 8 a.m., but not after 8 a.m."

Having this kind of short one-way talk will go a long way to cleaning some of the toxins in your organization. The same formula can be used with vendors and clients as appropriate. Just because a toxic en-

vironment exists today doesn't mean it has to be present tomorrow. As the leader, your role is clear: be the catalyst for taking action to eliminate the toxins from your company.

Ken Keller is CEO of STAR Business Consulting Inc., a company that works with companies interested in growing top line revenue. He can be reached at (661) 645-7086 or at [KenKeller@SBCglobal.net](mailto:KenKeller@SBCglobal.net). Keller's column reflects his own views and not necessarily those of The Signal.

### Market glances

Financial snapshot				Friday, July 29, 2011		
Interest rates	WEEK'S CLOSE	WEEK AGO	YEAR AGO			
Average rate paid on bank money-market accounts (Bank Rate Monitor)	0.16%	0.17%	0.21%			
91-day Treasury Bill Yield	0.09%	0.03%	0.14%			
10-year Treasury Bond	2.80%	2.96%	2.90%			
Commodities						
Commodities Research Bureau Index	342.03	347.93	274.36			
DJ UBS Commodities Indexes	162.82	165.28	134.25			
Stocks						
Dow Jones Industrial Avg.	12,143.24	12,681.16	10,465.94			
S&P 500	1,292.28	1,345.02	1,101.60			
Dow Jones U.S. Total Stock Mkt	13,643.10	14,229.30	11,492.94			