A Small Business Manages Rapid Growth

By SETH MASIA

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In an era of rapid growth for the industry as a whole, the equally rapid consolidation among equipment manufacturers points out sharp differences in the ways start-up companies manage their growth. The key issue is usually cash flow: Can the new company manage the pace of investment so as to avoid sliding into debt?

For a privately funded business (as opposed to an investor-backed business), cash flow is absolutely critical. A shining example of how it’s done is Quick Mount PV, founded just six years ago and now the market-share leader in roof-penetration products.

Stuart and Claudia Wentworth both grew up in family metalworking businesses — in fact their parents were friends, and they’ve known one another since childhood. In 1999 they installed a 4.8-kilowatt photovoltaic array on their own home in Walnut Creek, Calif. It was one of the first grid-tied residential systems in the area. That led them to establish Quality Solar, which became one of the leading solar installers in the Bay Area. “It was a struggle,” Claudia said. “Prices were high, and selling required a lot of education.”

In 2003, state incentives brought an installation boom. When the state money ran out in September, the firm fell back on general contracting. In the second year of the incentive program, state funds were fully subscribed within 48 hours, by the commercial market.

The highest risk for a solar installer, the couple realized, was roof damage showing up sooner or later. They saw other installers drilling dozens of unflashed holes. Quality Solar wanted their own leak-proof solution that would last the life of the system. For flashing vent pipes into a shingled roof, the plumbing industry used an aluminum sheet with a rubber collar. In September 2006, the Wentworths filed for a patent on a “System for attaching an article to a roof and method of use.” It used a sheet of aluminum flashing to be inserted under an overlapping shingle, attached to an aluminum block drilled to accept a lag bolt. It was simple to install and could be guaranteed not to leak. The key to the product, Stuart said, is that it intercepts the water stream above the point of roof penetration. And it met National Electrical Code requirements for galvanic response.

At Solar Power International that year they took $50,000 in orders. They had just hired their fifth employee, Johan Alfsen (who now directs Quick Mount’s training programs) and set up a 500-square-foot shop in a rented garage in Emeryville, Calif. The first product shipped soon after SPI, and growth was exponential. In late 2008 Stuart came up with a flashing system for tile roofs, and by January 2009, Quick Mount PV moved into a 5,000-square-foot bay in Concord, Calif., with room for a second production line. They hired Mark Ammerman to supervise sales. Sales redoubled. By 2011, the company was using all eight bays — 20,000 square feet — in the Concord factory, with 38 employees. It was time to expand again.

Quick Mount PV found a 92,000-square-foot industrial building in Walnut Creek, and in August 2011 bought it for well under the listing price. Until then, Quick Mount had been financed entirely on the Wentworths’ own line of credit. Now they used a low-interest loan backed by the Small Business Administration. There were still no investors or banks to second-guess their rapid decision-making process.

With Stuart working full time on product development, and Claudia overseeing the business as a whole, the couple realized they needed a strong executive team. They hired Ken Lewis as VP/operations (he’s now president of the firm), an HR manager, and brought in the head of their advertising agency, Ron Jones, as full-time marketing VP. At the close of 2012, Quick Mount was running five production lines in one shift, with 69 employees (with health insurance) shipping eight pallets of goods daily (up from one pallet a week in 2007). That’s roughly 4,000 percent growth in six years. To get there, they’ve rapidly developed a management structure consisting of five vice presidents and a controller, responsible respectively for research/development, operations, marketing, sales, business development and finance.

Quick Mount PV has recently been ISO 9001:2008-certified, and its Classic line of mounts has held ICC certification since 2009. This paves the way to sell internationally, and underscores the success of the product in the field: Through hurricanes Irene and Sandy, Quick Mount customers reported no roof leaks or stanchion failures. Any failure would be traced back to a manufacturing process, because every part is numbered. Quick Mount PV is now working on ISO 14001:2004 certification of its environmental practices.

“It’s the highest quality roof-penetration system you can buy, and it maintains the existing roof warranty,” Claudia noted. “The market seems to agree that buying the best is a smart choice.”