

Alloyfold

takes a seat in the U.S.

*New Zealand
company finds
success by
manufacturing
chairs in Arkansas*

By Jessica Klendworth



Panache, An Event Rental Co., Pompano Beach, Fla., and Baker Party Rentals, Costa Mesa, Calif., were among the first rental stores in the United States to take a chance on buying several thousand folding chairs from Alloyfold.

Those two sales, says Antony Brett, Alloyfold's international sales manager, helped the New Zealand-based company as referrals turned into more business and justified the company's decision to later have its chairs made in the United States by McCourt Manufacturing in Fort Smith, Ark.

Alloyfold's success, after six years of marketing and selling its products in North America, has allowed the chair manufacturer to help its parent entity, Pathway Trust, finance the work it does in New Zealand to help low-skilled and underprivileged people find jobs and become contributing members of society.

Alloyfold's history is a tale of hard work, persistence and some serendipity similar to most companies. The first Alloyfold chair was made in 1990 by Metalspray, a company based in Dunedin, New Zealand, a city of about 120,000 people located in the center of the country's south island.

Soon, Brett recalls, "80 percent of New Zealand party rental stores were renting our aluminum folding chair. They were running out of new customers." By 1997, Metalspray decided to close the company.

A year later, Mike Goatley, formerly in production at Metalspray, partnered with Murray Kennedy and Victor Tan, friends and church associates, and created Pathway Trust, a nonprofit organization linked to their local church. Pathway Trust is committed to helping low-skilled and disadvantaged people learn life skills.

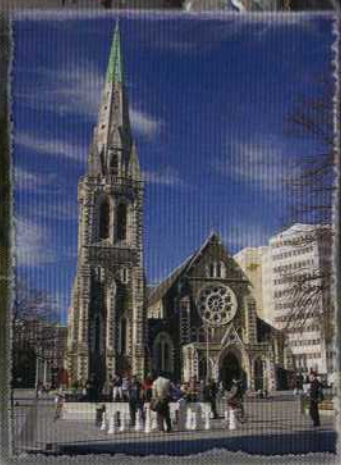
Pathway Trust formed Pathway Engineering and bought Metalspray's Alloyfold chair manufacturing business. The operations were moved to Christchurch with the idea of creating jobs and profits for the charity by exporting the chairs to the U.S.

"Since steel folding chairs of the same style were an industry standard in North America, we thought maybe we could sell to that market, which is about 80 times the size of New Zealand," Brett says.

In 1999, Pathway approached McCourt Manufacturing and set up a deal to help bring the Alloyfold chair to the U.S. Pathway would send the manufactured metal frames to McCourt to apply the seat and the back.

The Alloyfold chair was for sale at **The Rental Show** in 2000. Customers showed interest, Brett recalls, but many rental businesses said Alloyfold needed to make a stack of 50 chairs 5 ft. tall instead of 7 ft. tall.

The company figured out a way to meet customer demands and by 2002 had sold 10,000 chairs. Then Alloyfold's prices rose dramatically because of the swing in monetary exchange rates. That's when the company entertained the idea of fully manufacturing the chair in the U.S.



The Alloyfold team with their award at the Deloitte "Fast 50" awards and some of the must-see attractions when visiting Christchurch.



to stabilize costs, reduce freight charges and improve delivery performance.

Despite losing the jobs Pathway Engineering was trying to create in New Zealand, the company decided to go forward with the manufacturing move.

"There are a lot of hard-to-quantify benefits to be had from the manufacturing arrangement we have," says Kennedy, now Alloyfold's managing director. "There is a high degree of trust in the relationship, an immediate response to any quality control issues, the ability to short-run orders for customers, a centrally located point of warehousing and the ability to dispatch within the U.S. and benefits derived from the somewhat ironic fact that we are one of only two vendors of a chair entirely made in the U.S."

In another bit of irony, the production team in New Zealand started a new enterprise, unloading shipping containers on contract. The new enterprise has grown into a new subsidiary — Oak Tree Labour Hire — that is more suited to Pathway's goal of providing work for low-skilled people. Oak Tree, also based in Christchurch, New Zealand, employed more than 100 people last year. Alloyfold, at its peak in New Zealand employed 15 people.

As Alloyfold moved chair manufacturing to the U.S., the company also worked on a new design — Alloyfold 4 — because potential customers said the original Alloyfold II chair looked too different from the chairs rental businesses were carrying.

The company says its Alloyfold 4 chairs weigh about 30 percent less than the equivalent steel chairs, making it potentially faster to set up and pull down in addition to being cheaper to transport.

"The frame is made from aluminum so it cannot rust and this lowers maintenance costs," Kennedy says. "The frame is normally supplied with a satin anodized finish so maintenance is almost non-existent. The anodized finish will not chip or crack. If scratched, it will not expose material of a different color or composition that requires retouching. To quote one of our repeat buyers, the frame finish 'looks six months old going into its third season.'"

Brett says the production line in Arkansas is faster and more mechanized than in New Zealand, allowing Alloyfold to produce orders more quickly.

"The product is more consistent from order to order and we are able to offer a greater range of plastic colors," Brett says. "Now we can do hot-stamping, which we couldn't do in New Zealand, and because we now have production centrally located within the U.S., most customers will see their chairs within three days of shipping as opposed to the six weeks customers sometimes had to wait for production coming out of New Zealand."

Alloyfold looks at exhibiting at **The Rental Show** as a crucial part of marketing its products. "Being at **The Rental Show** each year has given our customers confidence that we're in this market for the long haul. It's good for branding, you can check out the competition and look for new products, but most important the show has enabled us to develop a face-to-face relationship with our customers," Brett says.

As for the future, Alloyfold hopes to expand sales of its chairs into the hospitality, education and government markets while expanding its product offerings to the rental industry with its Milano and Pipee chairs.

"There are lots of good products and ideas that we are taking from the U.S. and selling in New Zealand and Australia like Chiavari chairs, portable toilets, tableware and more," Brett says. "It all helps finance the work we do in New Zealand to help low-skilled people find jobs." **RM**

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