

Bye Bye China

Thanks to high transportation costs, shoddy craftsmanship and the time it takes to ship products from China - office furniture production is returning to America.

BY ROB KIRKBRIDE



YOU WILL MANUFACTURE IN AMERICA

The story has been told a thousand times: An American manufacturer is moving production to low cost Asian countries, leaving U.S. workers high and dry. But the owners of Zero 1 are turning that story on its head.

Tired of high transportation costs, shoddy craftsmanship and the time it takes to ship products from China to the U.S., Zero 1 owners Gardner Klaasen and David Valdiserri are moving production from Dongguang, China to Greenville, Mich., a town northeast of Grand Rapids that has been particularly hard hit by the exodus of manufacturers in the opposite direction.

When it starts up production in early 2010, the 30,000 square foot plant will be able to churn out 70,000 chairs a year. The entrepreneurs are expected to invest nearly \$4 million into the project. In return, they will receive \$146,155 in tax breaks.

Zero 1 was founded by Klaasen and Valdiserri as a global

“sketch-to-container” development company serving large OEMs. The pair established strong links within Asia. “In 2004, we decided to come together as a team,” Valdiserri said. “The thought was that two heads are better than one. We were designing products for OEMs. Our very first project got us into China because we were looking at components. The big push back then was to move everything from the U.S. to China.”

The move made lots of sense five years ago. The value of the U.S. dollar was high compared to the Chinese renminbi. Chinese workers were being paid between \$100 and \$130 a month. But in the last five years, much has changed. It has been a slow shift. The renminbi has gained strength and worker pay is on the rise. Zero 1 leadership grew tired of having to ship containers filled with faulty products back to China and the work it took to maintain relationships from thousands of miles away.

In the U.S., Klaasen and Valdiserri found that manufacturing efficiency was on the rise. All the things that pushed companies to move production to China were changing. The pair decided the benefits of production in the U.S. were beginning to outweigh the labor cost savings.

The first product off the line of the Greenville plant will be the Flip 1 chair. The designers-turned-manufacturers describe the Flip 1 as a “multi-use” chair that can be used in a variety of settings. A key design feature is the chair’s ability to fold down and tuck under a desk. The Flip 2 also will be produced at the plant. The Flip 2 is similar to the Flip 1, but with a butterfly fixed arm that allows it to fold down. The chair ships broken down and can be assembled without tools. The Flip chairs will be sold at about the same price as low-priced chairs by National, Kimball Office and Steelcase’s Turnstone division.

Seating, especially in the low price arena, is a fiercely competitive market. Most of the contract furniture seating in the low price range is still manufactured in the U.S. Bargain basement seating sold at big box retailers is mostly from Asia. Zero 1 executives said they don’t want to compete in the lowest-price, retail seating market.

“The big box stores are probably the worst place you ever want to be in the seating industry,” Klaasen said. “The big box stores are looking for a bottom line price. Components only last a year, if that. Unless you are assembling a chair for a big box with assembler subsidized by China, you are probably not going to make the cut.”

Instead, Valdiserri said Zero 1 is focused on making a great product with great functionality, great design and great quality at a low price. The company plans to add chairs each year to fill out its line. The completed line will have chairs that range from the low priced to about \$1,400.

Klaasen and Valdiserri started out as designers, but have branched out and gained capabilities in the area of manufacturing over the last several years. The pair’s goal now is to slowly develop the Zero 1 brand.

“The idea is to re-center ourselves in the US and expand out

from here,” Valdiserri said. “Our core has been fractured. We had design/development in the U.S. and engineering and tooling in Taiwan and China. This move will bring our core products in line and we can start growing the business from here.”

Zero 1 will still buy off-the-shelf components from China and the company will distribute furniture back to Asia, but the executives’ focus will be building a strong Zero 1 brand and manufacturing presence in the U.S. Most of the company’s injection molding and sewing is going to happen in Greenville. The company expects to have about 70 employees. And other than a few components from China, the rest of the parts will

come from suppliers within 20 miles of its main plant. In fact, the Greenville location is close enough to Grand Rapids and the West Michigan lakeshore that the company is confident it can attract experienced employees who have experience in the office furniture industry.

The biggest hurdle for Zero 1 is establishing its dealer network. Klaasen and Valdiserri are working hard to build that structure now. “We’ve been doing this, between David and I, for 40-plus years,” Klaasen said. “We’ve been doing this since we started in the furniture business. Doing our own manufacturing is not a big leap for us at all. Now that we’ve matured in the area, we have the capital to do it ourselves. We’re our own customer. It is not a big change for us, except for added responsibility and risk.”

In the short term, Zero 1 plans to stick with seating, but the company might add mobile desks and tables and simple storage products in the future.

Klaasen and Valdiserri have a long history as designers in the office furniture industry. The two created Kimball’s Wish ergonomic chair in 2005. And Klaasen was one of the lead designers on the Steelcase Leap chair. The pair also designed Apt, a Steelcase product designed for the Japanese market. They also worked with Turnstone on the Jack and the Burton chairs. They also worked on a range of seating for boating manufacturer Sea Ray (never hit the market) as well as designing various automotive seats for GM. The pair also designed the Bernhardt Pilot Chair. ☞



Flip 1 chair by Zero 1