Q

COMMERCIAL CORPORATE AND INSTITUTIONAL

BUSINESS BANKING >

CASH FLOW MANAGEMENT ▶

LOANS AND FINANCING >

ADDITIONAL BUSINESS SERVICES ▶

BUSINESS RESOURCES ▼

Resource Center > Small Business

MANUFACTURER KEEPS EYE ON INNOVATION -AND GETS RESULTS

The West Palm Beach, Fla., suburb of Delray Beach is a long way from Silicon Valley. Yet, there's innovation in its water literally, thanks to Lumitec, an engineering and design firm that specializes in conceptualizing, developing and manufacturing extreme-environment LED (light-emitting diode) lighting technology, primarily for the marine industry.

Because he started his career at the dawn of the digital age, developing products and software in the San Francisco Bay Area, John Kujawa, Lumitec's founder and president, knows a burgeoning product when he sees one. That recognition led Kujawa to start the company in 2007.

"When LED technology started to generate a critical mass of excitement, people in my industry took note," Kujawa says. "LED as a light source tends to have low energy consumption and, since you don't have to replace the bulbs, you can design in such a way that [the light] can be completely sealed."

Seizing opportunity

This versatile design made LEDs ideal for marine lighting at a time when most lighting companies and manufacturers were using incandescent bulbs.

"Many people in the industry were still building products with conventional technologies," says Kujawa, who saw early on the benefits of LED technology in pioneer industries and began thinking about other applications.

Lack of innovation in the marine market created an opportunity. Kujawa modeled Lumitec after an innovative technology company instead of a traditional manufacturer. Like a technology company, for instance, Lumitec places a high premium on product development and design, employing six engineers for every one salesperson. This strategy has helped the company grow by nearly 1,000 percent over the last three years.

"[Other marine lighting companies] didn't have the ability to move at a pace that would fully exploit the rapid evolution of LED," says Kujawa, whose small size and start-up status gave him the flexibility his competitors lacked. "I had the freedom to make bold decisions and take risks I felt were worth taking."

Managing size and operations

Achieving so much growth so quickly hasn't been easy to manage. Like most manufacturers, Lumitec is challenged daily with fundamental questions related to size and scope of operations.

"When you're a manufacturing company, the idea of scale is omnipresent, whether it's how much equipment to bring on, how much inventory to invest in or how many people to hire," Kujawa says. "Making the wrong decision either way—too much or too little—can be detrimental."

Lumitec's solution is a steadfast commitment to its strategic principles. Kujawa is confident in his company's engineering and design capabilities, but he recognizes that many larger businesses have superior manufacturing capabilities. Instead of competing with them, he has made a conscious effort to remain a small- to mid-volume manufacturer that's agile in the face of change, even going so far as to turn down high-volume purchase orders.

"Just because we make 10,000 of something doesn't mean that 100,000 is 10 times better," he says. "As soon as you start making 100,000 of something, somebody else can copy your design, find out who you're selling to and make it for 30 percent cheaper. We can profitably make 1,000 pieces of a \$200 product, and the reason we can do that is that we have a very flexible, configurable manufacturing environment."

Lumitec succeeds not on the basis of volume, but rather on the basis of service. Its smaller production runs allow the company to design custom products that meet customers' unique specifications, which it can sell at higher prices.

"If you're a small business and a manufacturer, it's incumbent on you to stay clear on your vision of exactly what you are trying to build, for whom and in what quantities," Kujawa says. "We're not optimized for highly efficient, long-term, highvolume manufacturing. Rather, we want to be very nimble with respect to our product evolutions, very niche-oriented with respect to our product offerings, and customized with respect to the features we can offer our customers."

Diversifying within scope

Kujawa's approach is also evident in the company's growth strategy, which offers a single solution to a broad base of customers. For example, while still specializing in marine lighting, Lumitec recently expanded to provide LED lighting for fire, emergency and military vessels.

"Somebody may look at our product and say, 'You should make self-charging solar panels that will charge your lights,' but that's a whole other set of competencies," Kujawa says. "If we take the same core expertise we have in circuit design, optic design and mechanical design and apply them to markets that have the same exact technical requirements, then we've diversified our sales base without diluting our technical capabilities."

Phases of Growth Running a business Business Growth Small Business Growth Risk Management

This article is general in nature and does not constitute legal, tax, or investment advice. SunTrust makes no warranties as to accuracy or completeness of this information, does not endorse any non-SunTrust companies, products, or services described here, and takes no liability for your use of this information.

You may also like.....

Enter your search

☐ SEVEN QUESTIONS TO ANSWER ABOUT YOUR BUSINESS

☐ SAVE TIME AND REDUCE HASSLE WITH ELECTRONIC PAYMENTS

SEVEN WAYS TO CONTROL YOUR BUSINESS IN A CHALLENGING ECONOMY

CASH FLOW 101: UNDERSTANDING CASH FLOW FOR YOUR BUSINESS

□ SBA LOANS: FLEXIBLE FINANCING FOR YOUR BUSINESS

WANT A PLAN MADE FOR YOUR BUSINESS?

Use our easy online guide to find the right accounts.

START NOW ▶

Fraud & Security **Investor Relations** Privacy Site Map Terms & Conditions Careers Securities, Investment and Insurance Products and Services: Are Not FDIC or any other Government Agency Insured Are Not Bank Guaranteed May Lose Value © 2013 SunTrust Banks, Inc. SunTrust Bank is an Equal Housing Lender. Member FDIC.

SunTrust, SunTrust Mortgage, SunTrust at Work, SunTrust Mobile Banking, SunTrust PortfolioView, SunTrust Robinson Humphrey, SunTrust Solid Theft Protection, Ridgeworth Funds, RidgeWorth Capital Management, Wealth Select, AMC Fund Select, AMC Pinnacle, AMC Premier, Access 3, Bank Your Way Snapshot, Signature Advantage Brokerage, Custom Choice and Sure Pay are federally registered service marks of SunTrust Banks, Inc. All other trademarks are the property of their respective owners.

Equal Housing Lender. SunTrust Mortgage, Inc.

Services provided by the following affiliates of SunTrust Banks, Inc.: Banking and trust products, including investment advisory products and services, are provided by SunTrust Bank, member FDIC; securities, insurance (including annuities), and other investment products and services are provided by SunTrust Investment Services, Inc., an SEC registered broker/dealer and a member of the FINRA and SIPC, and a licensed insurance agency; investment advisory products and services are offered by SunTrust Investment Services, Inc. and Ridgeworth Capital Management, Inc.; mortgage products and services are provided by SunTrust Mortgage, Inc.

SunTrust Mortgage, Inc., 901 Semmes Avenue, Richmond, VA 23224, NMLS #2915 is licensed by the Department of Corporations under the California Residential Mortgage Lending Act; is an Illinois Residential Mortgage Licensee; is a Lender in Massachusetts having Mortgage Lender license #s ML1216, ML0133, ML1432, ML1914, ML1913, ML1815, ML2411, ML2442, ML2491, and ML2538; is licensed by the New Hampshire Banking Department; is licensed by the New Jersey Department of Banking and Insurance, toll free 1-800-330-4684; is a licensed lender in Rhode Island; and is doing business in Arizona as Crestar Mortgage, 7250 N. 16th Street, Ste. 100, Phoenix, AZ 85020.

"SunTrust Advisors" may be officers and/or associated persons of the following affiliates of SunTrust Banks, Inc.: SunTrust Bank, our commercial bank, which provides banking, trust and asset management services; SunTrust Investment Services, Inc., an SEC registered investment adviser and broker-dealer, which is a member of FINRA and SIPC, and a licensed insurance agency, and which provides securities, annuities and life insurance products, and other investment services.

SunTrust Private Wealth Management, International Wealth Management, Business Owner Specialty Group, Sports and Entertainment Group, and Legal and Medical Specialty Groups are marketing names used by SunTrust Banks,

Inc., SunTrust Investment Services, Inc., and Ridgeworth Capital Management, Inc.

SunTrust Robinson Humphrey is the trade name for the corporate and investment banking services of SunTrust Banks, Inc. and its subsidiaries, including SunTrust Robinson Humphrey, Inc., member FINRA and SIPC.







