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ONE COMPANY'S STORY

BENEFICIAL POWER SURGE

High electricity demand good for makers of air dryers

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RICHMOND - In 2002, America's headache was Ted Warren's lucky break.

His company, Lectrodryer, designs and manufactures dryers that remove water and dust from gases such as hydrogen and air. They're an essential part of power plants that use hydrogen-cooled electricity generators.

So as California reeled from an energy crisis and the nation thirsted for cheaper electricity, Lectrodryer's business nearly doubled to keep up with the demand for new power plants.



The year was a surprise beginning for the company. Warren and Lectrodryer co-owner John McPhearson had purchased it in 2001 from its then-foundering parent company, Ajax Magnethermic, at a time when many engineers were rushing away from Ajax.

Warren and McPhearson, who had both worked as engineers at Ajax, were expecting a modest \$3.5 million in revenue in 2002. They finished with \$6 million in sales. Now the company is poised to double its factory space as it expands into a quickly growing Mexican market.

"For a long time I felt like we were the stupid ones for staying around. All the smart guys moved on and made a lot of money at higher-paying jobs," Warren said. "But it turns out we were at the right place at the right time."

Lectrodryer's industrial dryers use adsorption to pull water vapor out of gases and liquids. Gases are blown through a chemical called a desiccant, which removes extra water vapor much like silicon packets do in shoe boxes.

The dryers are used in power plants and factories around the world. And as more U.S. factories move overseas, Lectrodryer is supplying dryers to regions where the company has little or no competition. There are Lectrodryers on every continent but Antarctica.

Exports account for about 40 percent of the company's sales, a figure that's likely to keep growing. Much of those sales are in Mexico, where Lectrodryer plans to open an extension office later this year.

"We looked in Europe, as well as here in Mexico, and we don't find anybody who comes out as a competitor for us," McPhearson said in a phone interview from Guadalajara. "If we wanted to keep from being static and to grow, we had to expand into the international market."

But selling industrial dryers is an unusual niche without much competition. Lectrodryer's units have been used in NASA wind tunnels.

A Lectrodryer also is the secret behind the shine on the new U.S. quarters, which are buffed by the Department of Treasury using dried air.

"If you want to know why the Kentucky quarter is so bright, it's because there's a Lectrodryer that did it," Mc-Phearson said.

The company's most popular dryer model is the BAC-50, a green unit just shy of a ton. It resembles an oversized Hollywood rocket pack. It runs between \$30,000 and \$40,000.

But Lectrodryer also delves into custom dryers, including the four-story model it delivered to a DuPont factory in Texas in 2000, and special liquid dryers used to help recover solvents such as paint fumes released in factories

Over the years, the company has bounced from owner to owner.

Founded in Pittsburgh in 1932 as the Pittsburgh Lectrodryer Company, it was bought later by McGraw-Edison, and then in 1976 by Ajax, Warren said.

Against the advice of their bankers and lawyers, Warren and McPhearson purchased Lectrodryer with the help of some high-interest loans and a gut confidence. The company had never looked too profitable in Ajax's ledger. But the pair acquired Lectrodryer in hopes that it would come into its own with better bookkeeping and by relying less on time-consuming, custom jobs.

Its profits returned to Earth in 2003 after the initial boom, doing \$3.5 million in sales. But Warren said this year is shaping up as another \$6 million rush. Lectrodryer's 23

employees have been working overtime for weeks to keep up with backlogged order lists, and the owners are planning to hire a few more workers.

"Our bankers would say we've made many" mistakes, McPhearson said. But "we always knew the company could do well if it had good management."

Most of Lectrodryer's employees have been with the company for more than 20 years.

They say the atmosphere is laid back. Coffee breaks happen whenever you want one.

No need to sacrifice your lunch break to visit the dentist -- just leave when it works for you and get your project done.