



Becky Malewitz photos/The Gazette

Jamie Jones puts together a cabinet Sept. 20 at The Ar-Jay Center in Cedar Rapids. It will be shipped to a new Stuff Etc. store in Waterloo.

E. Iowa companies grow with new products, markets

By George C. Ford
The Gazette

Although the recession has stalled the growth of many Eastern Iowa companies, some have looked for opportunities to expand through acquisitions and new product lines.

Jeff Palmer, vice president of The Ar-Jay Center in northeast Cedar Rapids, said the purchase of two businesses and a decision to



Jeff Palmer
The Ar-Jay
Center

become a wholesale distributor have enabled his company to expand sales and retain its 60-person work force.

"I'm the kind of guy who believes you cannot 'save your way' into prosperity," Palmer said. "You have to keep investing in your people and your business.

"We had decided to open a showroom in Iowa City. Before we did, we felt we should talk with the main player in that market, Kitchen and Bath Dis-

tributing, which also had felt some ill effects from the recession.

"There was an opportunity for both of us because we had the



Several examples of the custom-made work stations that Ar-Jay builds are used in their own facilities. These particular stations were built to have extra bookshelf space.

warehouse, the computer software and the delivery trucks. When we purchased that business, it would no longer have that burden in terms of overhead."

Palmer said Barbara Messer, who owned Kitchen and Bath Distributing, agreed to continue working as the manager of the Iowa City location and all of the company's salespeople were retained.

"It opened a new market for us and provided an opportunity to purchase more products from our suppliers, which benefits our cus-

tomers," he said. "As the biggest retailer of kitchen and bath products, we have a price advantage and the best manufacturers want to



Jim Slosiarek/The Gazette

Tektivity's Jeff Klug (left) shows Bob Brown of Ketelsen R.V. how to operate anti-virus software as Klug works to install a new server for the camper and recreational vehicle dealer last year in Hiawatha.

do business with us. It's really worked out well for us."

For many years during the new home con-

struction boom, Ar-Jay manufactured and sold custom countertops for the kitchen and bath. With the sharp decline

in new construction, Palmer said Ar-Jay bought some new equipment and entered the market for commercial casework, the cabinets and display cases purchased by doctor's offices, convenience stores and schools.

"We recently purchased Distinctive Wood Works, a small commercial casework manufacturer in Earlville," he said. "Matt Cable, who owned the company, has decided to come to work for us and bring along his expertise so we can grow that segment of the business.

"By getting into that emerging business, we have been able to provide work for many of our longtime employees. They have been able to learn new skills and we have been able to grow our business."

Palmer said the decision to become a wholesale supplier of lighting, cabinets and other building products to Eastern Iowa retailers will not require additional facilities.

"It allows us to have more tonnage going through our business, which makes us a more important customer to our suppliers," he said. "We recently inked a deal with a manufacturer to be their exclusive

distributor in Eastern Iowa. We're also looking at additional acquisitions in the Quad Cities

Growth/New markets opening up

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as well as Cedar Falls and Waterloo.”

Acquiring other businesses has allowed Tektivity of Cedar Rapids to expand into new markets in a recession.

Tektivity, 119 Third St. SE, hosts and manages network applications and telecommunications services for many businesses in the region and state. The company in late August bought Iowa City Telecommunications in downtown Iowa City, which provides sales, installation, repairs and maintenance of telecom products.

Doug Flugum, president of Tektivity, said the merger allowed his company to expand into the Coralville-Iowa City market and offer a total business solution of integrating data and voice systems.

“This was a merger of two strong companies,” Flugum said. “We were able to bring a broader product offering and sup-

port to Iowa City Teleco customers.”

The acquisition was the third for Tektivity in recent years.

Earlier this year, the privately-owned Tektivity purchased the telecommunications division of Iowa Electronics. Five years ago, Tektivity expanded its information technology management business into the telecommunications market with the purchase of Palmer Telecommunications Inc. of Marion.

New product lines and strong sales growth prompted American Profol of Cedar Rapids to pull the trigger on an \$11 million expansion that will add equipment and material storage silos, increasing its manufacturing capacity.

From a manufacturer of polypropylene film covers for folders and DVD rental storage cases, American Profol, which employs about 85, has expanded into new markets and products.

“Furniture film, which



Becky Malewitz/The Gazette

Mick Nickell (left) and Dan Michaels package a roll for shipping Sept. 1 in Cedar Rapids. American Profol, which manufactures polypropylene film, is adding an \$11 million expansion to its production line.

we’ve been developing for a while, is starting to take off,” said Mark Thoeny, president and chief executive officer of American Profol. The film, which has an embossed, scratch-resistant finish, can be printed to create a wood or other faux appearance and glued to pressed wood or other surfaces.

“We also supply film

for flooring and roofing,” Thoeny said. “We are bringing in a lot of new materials and have a lot of product changes in the course of a week.

“The new production line will allow us to make traditional products as well as get into new markets.”

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