

Changing for the Better at Delany Products

In a world-wide economy, businesses that do not adapt to changing conditions are quickly left behind, regardless of their past accomplishments. A Charlottesville-based manufacturer of commercial toilet flush valves that is over 100 years old and a survivor of the Great Depression faced its greatest challenge in the 2000's as it transitioned to its 4th generation during the rise of the global economy. Delany Products has restructured and developed a new business plan to rebuild its core and bring second-to-none quality, service, dependability and delivery to its customers.

In 1879, John Delany left his horse-drawn streetcar driver job to join with Thomas Coyne in the founding of a manufacturing company for plumbing products in Brooklyn, NY. They called that company Coyne & Delany. Ninety years later in 1969, cousins Graham and Jack Delany, the grand children of the founder John, pulled up their roots in Brooklyn to relocate this now national business to Charlottesville. They purchased seven acres of land and built a then state-of-the-art manufacturing facility. This was a move that was very beneficial to the company as it continued to expand nationally. The business landscape, however, began to change in the 1980s as a third and very large competitor decided to move into the sector. Coyne & Delany now found itself caught between the price war of two large companies, fighting for market

share. With the 1990's, the forces of globalization swept through the industry. The larger players quickly moved to either modernize production or shift it offshore, continuing the pressure to lower prices on Delany's main product, the manual flush valve. The slow-to-change Coyne & Delany struggled to adapt to the new rapidly changing environment. As the 90s drew to a close, profits had disappeared. Saddled with outdated internal systems and machinery, as well as an expensive inflexible cost structure, losses mounted. Vendor debt soared. The Delany family poured its personal financial resources into the company to keep it afloat, but had not embraced any fundamental change to its business. The tipping point came with the run up in commodity prices in the second half of the 2000s, culminating in the old Coyne & Delany shutting down its foundry in late 2007 and regrettably being forced to lay off some 60 employees. At this point, the company was set adrift, unable to produce its main product and with nothing in the works to change that. This 100-year plus company was looking at the possibility of a complete shut down. Today the company is emerging from the ashes, transitioning to a leaner, meaner business model. Following a complete restructuring of the company in 2009, which involved another round of staff cutting, the new Delany Products emerged. Rebounding strongly, it returned to profitability while almost

doubling its work force over the past 18 months in the process.

In early 2009, the old Coyne & Delany set its new course. Graham Delany, the man who engineered the astute move to Charlottesville but who was now in his 90s, stepped aside. That was coupled with the return of Scott Delany from Asia where he had been for the previous 15 years working in finance. Together, he and his brothers, Peter and Biff, are bringing new ideas and a renewed energy to the company.

Scott Delany became the company's first ever-Chief Financial Officer as part of the restructuring plan. He and his brothers, Peter, Vice President and Head of Production, and Biff, Vice President and Director of Customer Service, represent the fourth generation of family ownership that is now taking the reins. Together they are excited and optimistic about the changes their company has initiated.

"Our rebirth began in 2009," Scott noted. "We began our transition to a more efficient and flexible model, by narrowing our focus to just research and development, marketing, and distribution, with 100% of assembly and product testing still controlled here in Charlottesville."

The product line today is made up of both

manual and electronic flush valves, sensor faucets, and bedpan washers. You will find their products typically in stadiums, schools, hospitals, and office builds. On your next bathroom excursion at John Paul Jones Arena or at the Historic Michie Tavern, or at the Aberdeen Barn look down and take notice of the Delany name as you flush. Late in the 4Q, Delany Products hopes to introduce a brand new, high-end manual flush valve, the Titan, as the company turns its focus to new products. Scott explained that “We now need to transition to the development of new products. Most people don’t realize that Delany was the first company to introduce the hands-free battery operated flush valve back in the 80’s. Martin Laverty, our Director of Engineering, and the company hold the original patent for this technology, but I think that Martin’s greatest achievement will be the Titan. This product will put us back on the map.”

Scott went on to explain that the company unveiled its new name, Delany Products, and a new logo in August of 2009, as part of the restructuring. The name and logo were both chosen in an effort to present a cleaner, more simplified, yet bold image of “Changing for the Better” to its customers and the market.

As 2009 drew to a close, the new Delany

Products began shipping its core product, the flush valve, again. 2010 saw Delany Products concentrate its efforts on timely deliveries in order to re-establish credibility in the market place. As profitability returned, the company began to repay its accumulated debt. Repaying everyone has been a commitment that has been very important to the company. In 2010, Delany turned a profit in spite of a stagnant economy and heavy competition. The future for Delany Products now looks bright. A clear sign of Delany’s return to financial viability was underscored this past spring when Virginia National Bank (“VNB”) agreed to extend a helping hand in the form of financial assistance. Executive Vice President Steve Krohn of VNB told the Business Journal, “When Delany Products approached us, we were impressed with their restructuring plan and the turnaround already underway. We wanted to be a part of it. Contrary to other banks that are contracting in their lending, VNB is actively looking for opportunities like Delany. In fact, in early 2011, we established a new Asset Based Lending effort specifically to build these working capital growth-financing opportunities. Given where the economy has been, we knew there would be a strong local need for this service, and we wanted to be active in that effort.

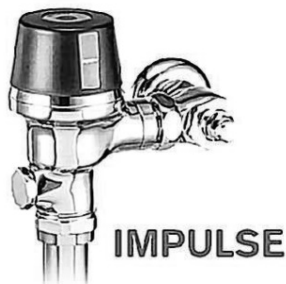
We see Delany as the perfect candidate, featuring a dynamic new management team and a chance to grow with a local manufacturer.”

Scott explained that another goal of the company is to become more involved with the city and county. “Currently, we are reaching out to the city to help us with the testing of one of our new products. We have received a very warm reception from officials in particular Chris Engel, Assistant Director of Economic Development, Jennifer Luchard, the Procurement and Risk Manager, and the city’s Head of Facilities Management, Lance Stewart. It is our hope to build a long lasting cooperative relationship with both.”

Delany Products has certainly come a long way since the copper-lined, wooden bathtubs of 1879, but certain things will remain the same.

“We are still dedicated to giving personal attention to the design, production and service of our products,” Scott stated. “Our goal is to become the best flush valve company, period!”

Delany Products is located at 1565 Avon Street Extended in Charlottesville. More information about the company is available at www.delanyproducts.com



The Impulse, the Hands-Free, Battery Operated Delany flush valve used at JPJ, Michie Tavern and Aberdeen Barn



Scott Delany,
Chief Financial Officer at the newly restructured Delany Products