

Working for the Defense

Business Continues Upward Surge for Hupp

By Matt L. Ottinger

In lieu of recent economic conditions, many deep-rooted Indiana businesses are struggling to merely sustain momentum of past years, treading water in a rising sea of red ink. Nestled in the back streets of New Haven, however, lies a company that is debunking the myth of eminent doom in the current economic climate and becoming an archetype of its field in the process.

Noel Hupp founded Hupp Associates, Inc. in 1978 with hopes of parlaying his background in federal manufacturing sales into building a reliable consulting firm from which private companies intending to market products to the government could gain sound advice. After the company had thrived in the consulting arena for nearly 20 years, Hupp contacted former employee Ron Root in 1997 in hopes of finding a successor as he geared toward retirement.

Root gladly accepted, returning to his former company with fresh eyes and an even fresher perspective. While working in government sales for an aerospace seal manufacturer, Root had discovered an apparent void in the military's ability to obtain maintenance parts in a timely fashion. Understanding the gravity of the issue as it pertained to national security, Root and Hupp began devising a plan to turn their little New Haven consulting firm into the United States military's paramount provider of maintenance supplies.

"When Ron first came to me with the idea of selling maintenance kits, I was hesitant just because the business was already going well," Hupp says. "But the more I thought about it, the more sense it seemed to make. I was at an age where I needed to think about finding a successor, and Ron was at an age where he was in prime position to take a company to the next level. He's a dynamic, focused and intelligent guy. The timing and circumstances were perfect, so I figured I'd let him go with it."

After the plan received the green light, Hupp Associates, Inc. (which still remains the company's legal name) became known throughout the industry as Hupp Aerospace/Defense. It began assembling tailored maintenance kits (which include motors, tires, landing gear, nuts, bolts, etc.) for various aerial units in the U.S. military's arsenal.

Hupp recently signed a five-year contract to provide kits for all 800 or so of the U.S. Army's Boeing AH-64 helicopters. Last July, Hupp signed a similar license agreement to provide kits for Boeing's CH-47 Chinook helicopter. The company currently builds kits for the UH-60, OH-58, F/A-18 and the Minuteman Missile and recently signed a two-year distribution agreement with AERO International, a worldwide logistics and supply chain management company. Added together, Hupp has sold kits to almost 70 domestic military bases and nearly 20 international bases.

A team atmosphere helps take Hupp Aerospace to new heights.





Precision and on-time delivery are among the attributes that are fueling the business growth at Hupp.

No plateau in sight

Not only has Hupp thrived since becoming a logistics-based company in 1998, it has turned outrageous profit margins into boundless potential for future growth. The company has averaged annual revenue growth of 65% each of the last five years, garnering a profit of almost \$8.8 million last year with a current pace of \$17 million for 2003. Although there are currently fewer than 30 employees, Root anticipates an employment growth of 15% to 20% in the near future.

“We have a product and service that is in high demand,” Root explains. “We also have bright, intelligent people who can market and develop our ideas. That, combined with a new strategic plan to expand each section of our business, has us geared toward succeeding in both the short and long term.”

Hupp’s revised strategic plan was developed in 2002. Its focus includes domestic diversification into more military branches and commercial defense, overseas military marketing and foreign military marketing. While some would assume potential concerns regarding foreign military defense after the events of September 11, 2001, Root does not anticipate any problems due to stringent U.S. government regulations combined with his employees’ procedural knowledge. Root also plans to utilize existing partnerships with Boeing and AERO International to delve into other areas in the private sector and eventually develop three more distribution centers throughout the country.

Attention to detail

When it comes to customer satisfaction, it would be a challenge to find an organization that eclipses Hupp’s track record. On the average, customers report maintenance time reductions between 35% and 40% when they begin using Hupp kits. According to a recent government report, Hupp’s products have received a perfect quality

rating and nary a grievance complaint has been filed against the company.

Hupp also boasts an on-time delivery rate of 97% in an industry where the average hovers around 80%. This success rate renders the company motto, “every part, every time,” incredibly indicative of its service. Root believes attention to detail is crucial to building a successful company, which is why a trained eye analyzes every item that comes through the facility. On a more personal note, out-of-town guests are often greeted with Hupp’s branded novelty chocolate on their hotel room pillows.

The government also plays a key role in facilitating the company’s attention to detail. Since Hupp deals with national security, a watchful eye is kept on its activities and the company must be able to trace every one of its parts, including the origin of the steel used in its nuts and bolts. Hupp’s inventory control must be flawless, and even seemingly irrelevant little plastic bags must be bar coded and traceable. Root attributes this need for specificity to the consequences that could result should one of their products fail in the heat of battle.

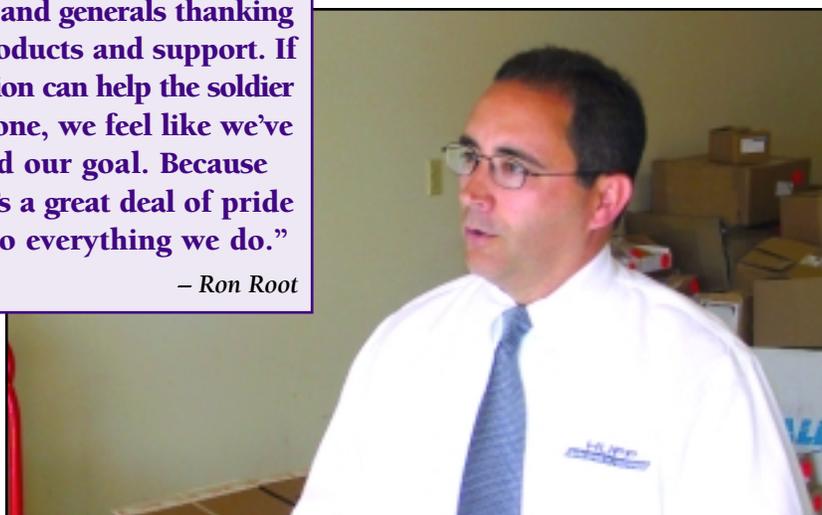
“Our purchasing, receiving and quality control must be flawless and our inventory control must be dead-on,” he asserts. “If any of our products fail, the result could be catastrophic.”

As a small, locally owned business, Hupp must also maintain its reputation of proficiency in order to stay at the forefront of its industry. Not only does the company need to be aware of big businesses sneaking onto its proverbial turf, it must also be more efficient than the military’s own government-run supply agency, which currently serves as its main competition.

Hupp must also stay apprised of the government’s regulatory actions. Thus, promoting legislation that supports small business is one of the company’s primary extracurricular activities, since it’s a self-proclaimed “mom and pop” operation. Hupp is a

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– Ron Root





company of record with the U.S. Small Business Administration, the federal government's regulatory agency that works to encourage legislation to assure small businesses are recognized, protected and enhanced.

"We're always trying to stay ahead of the industry," Root declares. "We have to keep an eye on government regulations, since they could try and regulate us out of business at any time. In that regard, we also have to beware of large corporations, since they have the pull to influence that legislation."

Not all business

While efficiency continues to be Hupp's trademark, its longevity can also be attributed to a jovial and family-like atmosphere that exists within the office.

"We're one big happy family," claims marketing manager Andrea Reed. "It's not often that everyone is pulling on the same side of the rope, but that's just how it is here. Everyone gets along really well, and it's not uncommon to see a practical joke every once in a while."

Most of Hupp's employees are initially from northeast Indiana, which Root sees as a positive due to the region's strong workforce and inherent work ethic. The company does search nationally for some upper-level positions, and its account managers generally need to have military backgrounds.

25 years of excellence

Hupp recently celebrated its 25th anniversary and was recognized locally for both its success and service to the community. The respective mayors of Fort Wayne and New Haven, as well as the Allen County Board of Commissioners, acknowledged the organization for its community role. The company has been pivotal in the development of youth oriented non-profits such as the Three Rivers Literacy Alliance and the Early Childhood Alliance, and has been involved with the American Red Cross and both local and state chambers of commerce. The

company also sponsors youth athletics and encourages employees to nominate relevant causes from personal experience that may be worthy of sponsorship.

Considering its recent economic success, as well as its pragmatic vision for the future, Hupp could easily focus on the bottom line to find motivation for moving forward. But clearly, the company's steadfast pride in its mission is what keeps business thriving. Witnessing the abundance of dedication and productive energy, it becomes quite apparent that Hupp's employees feel a great deal more is at stake.

"We often receive e-mails from commanders and generals thanking us for our products and support," Root beams with pride. "That makes us feel great because we believe that the customer is ultimately the soldier. If our contribution can help the soldier get the job done, we feel like we've accomplished our goal. Because of that, there's a great deal of pride that goes into everything we do."



Tailored maintenance kits emphasize the company slogan of "every part, every time."

INFORMATION LINK

Resources: Hupp Aerospace/Defense at (260) 748-8282 or www.huppaerospace.com