



Buttressed Up: Malan Lai at Ucan Zippers in Vernon.

PHOTOS BY RINGO H.W. CHIU/LABJ

# Pulling Together

Goldman Sachs small-business program helps zipper maker Ucan retailor strategy.

By **CAROL LAWRENCE**  
Staff Reporter

**F**OUR years ago, **Malan Lai** knew that if his parents' company was going to continue manufacturing zippers in the L.A. area, things would have to change. **Paul and Liz Lai** started Vernon's **Ucan Zippers** in 1995 and

passed the torch to their son in 2010. The company's had its ups and downs, but in recent years, Ucan was consistently losing big retail business to Chinese zipper manufacturers who were undercutting it on price.

Malan Lai knew he needed help – and who better to seek out than one of the world's leading financial firms. He signed up for **Goldman Sachs'** 10,000 Small Businesses, a national program whose advisory council includes luminaries such as billionaires **Michael Bloomberg** and **Warren Buffett**. The program, which operates in more than 20 cities throughout the United States – and four regions in England – teaches established small-business owners how to develop, test out and execute customized growth strategies.

That program helped Lai turn the company

inside out. Since his graduation in 2011, he said Ucan's sales have shot up 54 percent.

He said that growth came after he purged half of the company's existing customer base and targeted new customers with a different approach. He also secured millions of dollars in funding, invested in equipment and developed a higher-price product line. To fully take Ucan into the 21st century, Lai ratcheted up the company's social media presence – which now drives about one-eighth of sales.

He credits the successful turnaround – which made it possible for Ucan to stay local – to the program.

"Going through this program myself – it took all my ideas and consolidated them into one area, then enabled me to pressure-test my ideas, bounce them off my peers and the advisers, and finally to relay, refine and create what we have here today," Lai said. "It's turned into a more positive moment."

#### Growth spurt

Lai found out about the Goldman Sachs program from a business program consultant with the city of Los Angeles while hunting for a nonacademic business program that offered more than preprinted literature.



In the Blood: Lai with one of his family company's zippers.

**Long Beach City College** and **Los Angeles City College** host the classes, and applicants must own businesses that are at least two years old, have four-plus employees and generate at least \$150,000 in revenue, said **Vivian Shimoyama**, the Goldman Sachs program's regional executive director for the area between Bakersfield and San Diego. Owners must also be committed to the four-month program's main purpose: growing revenue. In exchange, the applicants' tuition is fully paid by the **Goldman Sachs Foundation**, the finance giant's charitable arm.

Shimoyama said the program's instructors – professors from the two colleges, local company owners and other business experts – help the enrollees develop a growth plan and strategies to put it into action. They also create a three- to five-year revenue forecast to quantify growth goals and help them stay focused. It's a proven method, according to Shimoyama.

"When they graduate, they hit the ground running and then experience exponential growth," she said.

To find out what had to change and how, Lai broke down Ucan's sources of revenue, which exposed one major flaw: Too much of the company's business was tied up in contracts with large retailers, who made price the priority. That was a losing battle for Ucan, which was competing with Chinese zipper makers that could do things a lot more cheaply.

"I realized we had spun our wheels a lot on high-volume (sales)," Lai said. "When you started looking at costs and breaking things down – we were not making as much money as we could have, and I realized we should switch to serving a niche market and customize our zippers. Instead, we were making products that were ordinary."

He said he stopped bidding on work for half of his retail customers and began targeting local sewing houses, buyers and designers for Southern California apparel brands by forming relationships with them, starting with a few he had as existing customers. That tactic enabled him to gain new customers, such as **True Religion Brand Jeans** in Vernon and **Hudson Clothing Inc.** in Commerce.

Lai also pivoted from mass-market zippers and decided to start a higher-quality, higher-cost product line. He now sells them to designers of expensive handbags, which can cost upward of \$15,000. Critically, it's a product and service his overseas competitors can't match, Lai said, because the customers want higher quality and fast turnaround.

"Manufacturing locally allowed us to control the product from start to finish and allowed the customer accessibility to their product if they needed to make any adjustments to the length or color of the zipper," Lai said. "Customers were not able to get this type of service overseas."

### Retooling

Lai has also become a believer in the power of social media. In fact, Ucan found one of its new sewing house customers – only four blocks away – through that channel. Now, about 12 percent of sales evolve from social media, Lai said. The company also hired its first-ever internal sales people to maintain and grow those relationships.

In addition, Lai learned from Goldman how to leverage the financial industry to help his business grow. He went through practice sessions on how to pitch bankers and other funding sources. That paid immediate dividends, he said, as the company secured \$300,000 in senior debt and a \$350,000 revolving credit line from New York's **JPMorgan Chase & Co.** Lai said its is probably the most outside financing Ucan's ever received.

Lai might have led his company through plenty of changes since he entered the Goldman program, but that was all to avoid

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MALAN LAI,  
Ucan Zippers

making a drastic one – moving its manufacturing out of the L.A. area. He said staying here – after some alterations – has proved to be the right fit for Ucan.

"This past year, I feel that we have further rooted ourselves in manufacturing locally because we have found and built relationships with companies that are right in our own backyard," he said. "It validates our need to keep production domestic."



Fashioning Fasteners: Worker at Ucan.

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