



Sometimes smaller is better: this little Florida aerospace distributor has big aspirations, supplying aluminum, stainless steels and other specialty metals to aircraft parts manufacturers all over the world. (MCN: case study: Falcon Aeroscape).(Company Profile)

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Falcon Aerospace proves that size doesn't matter as much as service and salesmanship in order to be successful in today's difficult metals market. In this age of consolidation, Falcon has remained independent, and profitable, despite the serious downturn facing its aerospace customer base.

"A lot of larger distributors have gotten hurt because they operate on such small margins. Some of the business they take does not make sense. Though 9/11 hurt aerospace, we are still making money. So there is an advantage to being small in a down economy," says Jerry Bashir, president and chief executive officer.

Falcon Aerospace, which saw \$10 million in revenues in 2001, operates out of a single 12,000-square-foot warehouse in Davie, Fla., with 17 employees. But it manages to sell aluminum, stainless, titanium and other specialty alloys to aircraft parts manufacturers all over the world due to the international savvy of its founder.

Bashir has a 31-year history of aerospace metals sales with such companies as Intercontinental Metals, American Metals and General Aerospace. Branching out on his own, he launched Falcon Aerospace in 1994, initially servicing customers in Europe and the Pacific Rim. In 1996, he hired another salesperson and launched Falcon's domestic sales.

Falcon Aerospace is designated as a "Small Disadvantaged Business" by the U.S. Small Business Administration, which gives a leg up to women- and minority-owned businesses serving government contractors. Bashir, 52, emigrated from Pakistan as a young man. "That gave us a tremendous opportunity to open doors with OEMs in the United States," he says.

Falcon has never sought any financial assistance from the government, but the SDB designation did help the startup get its foot in a few doors, he admits. Only 15 percent of Falcon's revenue comes from government contractors, however. Falcon is not dependent on government contracts, nor will it ever have more than 20 percent of its business with any one customer, Bashir says. "We call that 21-percent dangerous."

Earlier this year, Falcon became a franchise distributor of Amag Aluminum, an Austrian flat-rolled aluminum mill. Domestic mills such as Alcoa and Kaiser had declined to do business with Falcon because of its small size. "Nobody [in the U.S.] gave us a shot. We had to find somebody to support us, so we looked overseas," Bashir says. Prior to allying with Amag, Falcon sourced \$3 million to \$4 million per year in flat-roll from larger distributors. "We felt it was important to go to the next stage of our growth to work directly with the mills," he adds.

With commercial aviation still suffering from the decline in business and tourist travel following last September's terrorist attack, most of the current activity in aerospace is on the defense side, Bashir notes. "Business is off about 20 percent vs. before 9/11. [To compensate,] we have been working to establish stronger relationships with the second- and third-tier subcontractors in Europe for the Airbus A-380 program. We're working with some people overseas in the cargo and transportation areas. We've also approached companies in the medical field about some of the titanium products we carry," he says.

Despite being so far away, Falcon offers advantages to European customers who traditionally deal directly with the mills. "As a small distributor, we have been presenting them the option to buy in smaller quantities," Bashir says.

Bashir's experience in international trade gives him the know-how to facilitate transactions. "We offer customers all over the planet goods delivered to their door--duties, taxes and local transportation all paid--with one phone call," he says.

Falcon is also able to offer a menu of value-added services, yet it owns no processing equipment. All sawing, shearing, water-jet cutting and other processing is outsourced. "In South Florida, there are numerous service centers and [toll] processors with vast unused capacity. If I bought a plate saw, it would cost over \$1 million. Plate saws in the area are operating at 25 percent capacity. Someone nearby can send a truck for pickup, cut the material and return it at much less cost. I can't justify investing in the equipment. We have partnerships with customers that are great at what they do."

The figures back that up. Falcon shipped more than 3,000 orders last year with no more than three rejects, Bashir says. "Total quality control is very critical. At the end of the day it goes beyond the price; it's the value you give people."

Why do people on the other side of the world call Falcon to place their orders? "I have built relationships with people over 30 years. Relationships are critically important," Bashir says.

Falcon's relationships with customers pay dividends in terms of timely payment as well. Last year, on \$10 million in revenue, Falcon had only \$30,000 in unpaid debt. "I don't hesitate telling people I need them to pay on time. If you have friends in the industry who disrespect your credit policies, you need to reevaluate those friendships."

QUICK FACTS

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Key Personnel: Jerry Bashir, President/CEO

Facilities: Davie, Fla.

Products: Aluminum, stainless steels, alloy steels, titanium, high-temperature metals, brass and bronze metals, plastics.

Services: Thermal processing, chemical milling, precision grinding, surface polishing, saw cutting, shearing, water-jet cutting, export packing, conductivity and hardness testing.

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