

Strategic Acquisitions and Versatility Set This Shop Apart

Associated Finishing continues to evolve and grow, stretching its capabilities to meet the needs of its customers.

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Originally founded in 1952 as Associated Engineering and re-named Associated Finishing Inc. (AFI) in the late 1970s, this shop continues to evolve and change to meet the needs of its customers.

Associated Finishing offers powder and liquid coating, stripping and pretreatment, pad printing and silk screening. Headquartered and started in Mankato, Minnesota, the business has expanded over the decades, including the acquisition of Extreme Powder Coating in Minnesota, and the establishment of AFI Carolina in North Carolina. But AFI has a unique ownership structure. The business is in its fifth iteration of ownership since 2021 when a new era began and the leadership team at AFI bought out retiring partner John Kapsner's shares to expand the ownership team to five individuals, including John's partner, Ted Schreyer.

"I'm so glad we were able to keep the company closely held rather than selling to private equity which is so common today," Schreyer says. "This team has helped make AFI what it is today, and they deserve the opportunity to own it. While they're young and energetic, they bring a wealth of experience and knowledge of the finishing industry."

The new owners are Ryan Kapsner, John's son, who runs the administrative side of the business. Jammey Harroun is the operations manager, but he started out at the company hanging parts

The PEM 6-stage system is used for high-volume runs.



AFI's owners Matt Miller, Ted Schreyer, Ryan Kapsner, Mick Rykhus, Jammey Harroun, and former owner John Kapsner.

Photo Credit: All photos courtesy of AFI

An AFI employee powder coating the shop's 42-foot trailer.



and worked his way through the ranks. Matt Miller oversees sales and marketing, estimating and quality. And Mick Rykhus started at AFI as a student working nights to fund his college tuition. Today, he is the facilities manager and handles maintenance, R&D, environmental compliance, and plant safety. He's also called upon to help the team when creative solutions are needed for unique coating challenges.

Expanding footprint

AFI's main facility in Mankato offers all the company's capabili-



Painter powder coats a rack, recording his motions, which this robot can then repeat for the rest of the rack of parts.

ties. A second location offers a high-volume powder coating line with a six-stage washer and powder coating robots, while its third Minnesota facility in Litchfield can blast and coat parts up to 40 feet long. Extreme Powder Coating was acquired largely for the ability to meet the powder coating needs of custom restoration and race car enthusiasts.

But the company's newest acquisition is a shop in North Carolina. The leadership team saw the opportunity to grow the team's capabilities in the fast-growing Charlotte region and is specializing in painting carbon fiber parts primarily for racing applications. "With carbon fiber, it's so porous, as soon as you apply the liquid paint it opens up pinholes and gaps," making it more challenging to coat than many other surfaces, Schreyer says. They were interested in expanding outside of Minnesota, and they recognized that some of their customers had facilities — and opportunities — for them in North Carolina. "There's a lot of industry moving into this area with Doosan and Honda and others," Schreyer says. "It's an opportunity that we're trying to capitalize on to become experts in painting carbon fiber along with our powder coating and other processes."

AFI also owns and operates its own small fleet of vehicles for customer pick-ups and deliveries, including four trucks, a semi and a truck that can pull a 42-foot trailer. Two of the trucks are licensed for interstate transportation when needed. While they

focus on business within a 150-mile radius of their facilities, providing the trucking for customers has been helpful. The company has also structured its operation schedule for better customer support. The shops run seven days a week, a four-day shift and a three-day weekend shift, which lets them accept parts mid-week and typically have them completed early the following week.

"We added that weekend shift to have more flexibility," Rykhus says, "and now we've got customers dropping off mid-week and getting their parts back on Monday or Tuesday — just because of that weekend shift."

Focusing on the positives

The entire ownership team all agree that their core asset is their people. Recently, they took their highest performers and listed out their top characteristics and compiled one list. When they reviewed it, they noticed that what stood out the most were the core values that they call FARM: flexibility, attention to detail, reliable and motivated. Not only do they work to enhance these capabilities, and hire based on them, even rewarding employees who exhibit these traits.

"I know this can sound like a cliché, but we know that our people are one of our key assets," Miller says. "As we continue to grow and add facilities and capabilities, we know how to powder coat and finish parts, but none of that works if you don't have the right people."

The team at AFI is always looking at new technology and opportunities to plan for future growth, Harroun says. But they also acknowledge that it's not easy running a business. "The painting is easy," Schreyer says. "It's managing all the information that can get overwhelming and can get people (shops) into trouble if you don't realize that. You may be looking at hundreds of orders in a day, and you have to have good systems in place to manage that workflow." He says Associated Finishing is continuously improving on how it manages the data, harnessing it for strategic growth and operations.

Training has been an area the company has paid attention to for its employees. It has built training modules for different parts of the business, including not just the shop floor, but also leadership training. Employees also can attend industry conferences and events to not only learn technical content but to learn more about how the industry works overall and get them out of the day-to-day to see the bigger picture, Miller says.

As AFI continues to grow, it recently hired a full-time, bilingual HR lead which has helped already with finding qualified candidates for open roles. Previously, Kapsner was doing all the HR and finance functions, but this has allowed him to focus on the business. AFI also finds candidates by word of mouth and referral, and says it isn't struggling as much as some other shops.

When asked about advice for someone wanting to get into the industry, Miller says: "The act of powder coating takes training, but it's not rocket science. Running the business is harder. You must know how to price, meet your lead times, and always prioritize quality." It seems they are leading by example. ■■