

Vision Correction

Vision-Ease goes from bankruptcy to solid profitability in just a few short years.

BY Joe Delmont PHOTOS BY Marshall Long

Doug Hepper is a chemist by training and trade, but he sounds more like Salesman of the Year when he gets going on his favorite subjects: eyewear and his company, the lens-maker, Vision-Ease.

Vision-Ease is a pretty good story, and it's easy to see why Hepper is excited about it.

Four years ago, Vision-Ease and its parent company, BMC Industries, were wallowing through bankruptcy proceedings when assets of the lens manufacturing, development and distribution business were purchased by a couple of investment groups. Hepper, who joined BMC in 2002 as president and CEO, guided the sale in June 2004 and then joined Vision-Ease as CEO.

The turnaround has been so dramatic that work began on an IPO last year. The offering was pulled however when the owners decided the operation was too good to share with investors. In its most recent financial reporting, Vision-Ease posted operating earnings of \$11.4 million on revenues of \$104.7 million. Importantly, about 87 percent of these revenues came from key, value-added products such as those made with polarized, anti-reflective and other special treatments.

The Lens Business

Vision-Ease develops and manufactures eyeglass lenses that it sells to independent optical laboratories and to large specialty retailers such as LensCrafters; its largest customer. The lens blanks then are ground by local labs to meet customer prescriptions. About 75 percent of the company's revenues come from chains and 25 percent from independent retailers.

LEADERSHIP & GOVERNANCE

Management Team

President/CEO: Douglas Hepper

CFO/VP: Richard Faber

VP Human Resources: Susan Linzmeier

VP Supply Chain/IT: Cynthia Mark

VP R&D: Derek Harris

VP U.S. Manufacturing: Cass Lundgren

VP/Managing Director Europe: Guntram Mehl

VP Sales & Marketing: Michael Ness

VP International Sales: Scott Schaller

Overall, the market is moving from independents to retail chains, but Vision-Ease continues to work on the 35,000 independent opticians. "Each of them is making a decision for each customer," notes Hepper. "Once a doctor prescribes people keep refilling, just like prescription medications."

The independents are more work, but they're just as profitable as the chains and big retailers because Vision-Ease passes on the increased costs to them. So, both channels are equally profitable.

"We're investing in both channels," Hepper says, "and we're growing in both channels."

As companies expand outside North America, they like to take their suppliers with them, and it's an excellent opportunity for a company like Vision-Ease to develop its international business. Today, about 10 percent of Vision-Ease revenues come from international business, but Hepper sees this figure climbing quickly to about 20 percent.

Sales are growing nicely in Latin America

and Europe, and the company has gained footholds in China and India, he says. At the same time, the company's 81,000 square-foot manufacturing plant in Jakarta keeps costs down for products made for sale in Asia. The plant produces about two-thirds of the company's less sophisticated products, while the highly technical, patented products are made at the company's modern 150,000 square-foot headquarters facility in Ramsey, a community north of Anoka on Hwy. 169.

Patented Products

Vision-Ease's most visible technology, perhaps, is polarization because it ties directly to the company's very important Coppertone promotion. The two companies are collaborating to offer polarized lenses for sun protection. At the same time, the joint promotion that stresses protection from harmful UV rays also includes information from the Skin Cancer Foundation. The new promotion was launched in the first quarter this year.

Hepper is enthusiastic about the promotion. "It's a great name; when you think of Coppertone, you think of sun protection," he says. "A lot of brand name licensing doesn't have a lot to tie back to the product. But this is perfect for both of us because we're both there for protection from the sun."

The partnership seems to be working well. Vision-Ease recently was featured on *The Today Show* promoting Coppertone lenses.

Not a bad story for a company that was tossed on the bankruptcy trash heap a few short years ago. **MB**

Joe Delmont is an award-winning business writer and editor based in St. Paul.



LEADER PROFILE

Douglas Hopper

Title: President and CEO

Age: 58

Hometown: Pittsburgh, Pennsylvania

Education: BA, Denison University; MBA, University of Pittsburgh

First Job: Development Chemist

Family: Wife, Anne; daughter, Claire

BIZ BRIEFING

Vision-Ease Lens

Headquarters: Ramsey

Inception: 1930

Revenue: \$135,000,000

Patents: Over 40

Employees: More than 1,000 worldwide

Description: Vision-Ease Lens is a manufacturer of quality ophthalmic lenses sold through independent opticians, optometrists and ophthalmologists, as well as many retail chains and dispensing markets across the country.

Web site: www.vision-ease.com