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Ready to (re)take ownership

Entrepreneur poised to regain full control of company he launched 20 years ago

Triangle Business Journal - by [Chris Baysden](#)

RALEIGH - Eric Vaughn is about to flip the switch on a major deal: buying back full ownership of his small business.

Vaughn founded the company in 1987 as **SEI Components Inc.**, which imported electronic and electromechanical components, especially switches used to control appliances and power tools. Two years later, the firm had grown so cozy with a Hong Kong manufacturer called Defond Manufacturing Ltd. that a joint venture was created to own SEI.

Vaughn still owned half the firm, but the other 50 percent stake was placed in the hands of Defond, which is owned by brothers Wilson Chu and Raymond Chu. Along with the new ownership arrangement came a new name: **DNA Group Inc.**, which takes its initials from Defond North America.

Over the past three years, the Hong Kong brothers have purchased a couple of European firms and begun restructuring some of their operations. That opened the door for Vaughn to regain 100 percent control of DNA Group, which still will act as a U.S. distributor for the offshore manufacturer.

"I think it's primarily for some flexibility," Vaughn says of the brothers' decision to sell. "I'm looking forward to it."

Vaughn says he will fund the purchase internally and that he will be the sole owner after the deal is completed sometime in the first quarter. He declined to disclose the sale price.

This won't be the first major change for DNA Group, which has continued to prosper despite overwhelming changes in the U.S. manufacturing market since the company's inception. The firm has diversified from concentrating on switches for appliances and the like to providing products ranging from shock protection devices to electronic controls for large boats.

DNA Group tried its hand at manufacturing several years ago and owned a Chicago-based, switch-making factory that employed 100 people for about four years. But the firm sold that operation in 1999.

"We've not been afraid to remake ourselves several times," observes Executive Vice President Michael Owens.

Many U.S. businesses have been crippled by the offshoring of manufacturing over the past decade, but not DNA Group. Instead, the firm found a niche in marketing and distributing products made by



Steve Wilson

Eric Vaughn has reached an agreement to buy back the 50 percent of the DNA Group that he doesn't already own.

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Defond, a large company that posted \$300 million in revenue last year and employs 12,000 people at operations in China, Italy, Germany and the U.S.

In addition to putting an American face on an overseas operation, DNA Group provides engineering design work for customers - essentially helping them design the products that Defond eventually will manufacture for them.

DNA Group's ability to manage supply chains also is important to customers such as Boca Raton, Fla.-based **Jarden Consumer Solutions**, which makes millions of blenders in a Mexican manufacturing plant each year.

Those blenders need high-quality switches delivered in a timely fashion. DNA Group's ability to provide those components - even though they're shipped from halfway around the world - is one reason that the company has been able to retain Jarden as a customer for more than a decade.

"You have to have a very robust and a very secure supply chain," says George Rodriguez, the director of procurement for Jarden. "That manufacturing line can never go down."

DNA Group employs 45 people, most of whom work at the home office in Raleigh. The firm also has a warehouse in Garner. DNA posted \$60 million in revenue last year.

One reason for the impressive haul is the volume of products the firm deals with; a small order for DNA is 10,000 units.

Customers over the years have included Whirlpool, KitchenAid, Audi and **Alcatel**.

The firm's successes and failures have taught Vaughn a valuable lesson. Just because you're good at something doesn't mean you're good at everything. In DNA's case, it was better to stick with marketing, engineering and distribution than delving into the actual manufacturing.

"I think the one thing is to stay focused," he says. "You want to be careful about reading your own press."

DNA GROUP

- Employees: 45
- Annual revenue: \$60 Million
- Business: Providing engineering, marketing and distribution for a Hong Kong-based manufacturer
- Founded by: By Eric Vaughn in 1987 as SEI Components Inc.

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