

Cai



Sparkling 21st Century Solutions

Taking advantage of regulation
leads to a successful worldwide company.

By Samantha Ofole-Prince

Low-NO_x systems and DFR burners may seem like scientific jargon to the average consumer, but to **Kusum Kavia**, chief operating officer of **Combustion Associates, Inc.** (CAI), it is familiar terminology.

For the 55-year-old entrepreneur, running a thriving engineering and manufacturing company has been a learning experience. “There are very few women in this type of business,” says Kavia. “For somebody who is not an engineer, to be able to understand the process, and what is involved, and say it in layman’s terms, has been my education.”

Kavia was running a graphic-arts business, Able Office Services, when California's South Coast Air Quality Management District (AQMD)

Kavia had an additional telephone line installed in Able Office Services' Tustin, Calif., location, procured a business license, and launched

that if you wanted to meet these new standards and new rulings, we have several different choices available."

Initially, it was challenging to find customers and qualified production and engineering staff with no advertising budget. But Kavia persevered, targeting companies from the Los Angeles Unified School District to the *Los Angeles Times*, and in September 1991, signed CAI's first client, Angelica Healthcare Services Group. "Our first contract with them was about \$60,000, which was a lot of money back then," Kavia says. In the same year, CAI hired its first employee, Jim Galleta, as a sales manager. "Jim's job was to cold-call companies, make appointments, and [create] proposals that provide the guarantees and warranties from the manufacturer to the end client—letting them know we will hold their hand through the whole compliance process," Kavia says. A year later, CAI transitioned from consulting to manufacturing.

Being in a male-dominated industry and learning the language of engineering was a "double challenge" for Kavia. "Looking back, it has really been on-the-job training," she says. "There are very few women in this type of business, and you stick out like a sore thumb. But ultimately, as women, we have a way of making connections. I listened attentively at meetings to what the customers were requesting and really educated myself to what kinds of things the companies have to comply with. To understand what the client is looking for, and to relate that to our engineering staff to find a solution was [equally daunting]."

As the business began to thrive, Kavia sold Able Office Services, got a contractor's license, and moved the business to an industrial zone in Corona, California, where CAI is now headquartered.



Former U.S. Department of Commerce Secretary **Gary Locke** (left) and **Francisco J. Sanchez** (right), under secretary of commerce for International Trade, present the 2011 President's "E" Award to **Kusum and Mukund Kavia** in recognition of CAI's significant contribution to the effort to increase U.S. exports.

introduced Rule 1146 in 1989. An attempt to ensure that the air surrounding operating machinery meets safe air-quality standards, the rule required users of boilers, steam generators and process heaters to lower emissions or face hefty fines until they achieved compliance.

As companies and public institutions throughout the four-county Los Angeles area that use these heating systems scrambled to comply with the new mandate, Kavia and her husband, Mukund, immediately saw a market niche they could tap. Mukund worked for an engineering company called Bi-Phase Energy Systems, so he was already familiar with the equipment needed to fulfill AQMD's requirements.

"He has always been into energy and air pollution control systems, so when the ruling came out, we both felt that it was a good idea" to start the business, she says. "He said, 'Go ahead and open up the secondary business, and I will support you.'"

Combustion Associates, Inc. in March 1989.

"Our startup costs were no more than about \$10,000," she says. "We knew where the target market and the customer were. We got a listing of all the companies that had to meet these requirements, so it was a matter of calling and asking if we could provide our services."

At first, CAI began as an environmental consulting company specializing in air pollution control equipment, offering packaged combustion and gas-turbine power-generation systems that would comply with the new regulations. Later, the company evolved into a manufacturing company specializing in modular electric power plants.

Since CAI is located in an industrial zone, its suppliers were in a 10-mile radius of CAI's facility, helping build a strong supply-chain relationship. "We came into the market providing several solutions to users," Kavia says. "What we told the companies is

In 2005, the firm cleared a profit of \$5.3 million, and doubled that figure in 2008. Since then, CAI has grown steadily; including a sister division called CAI Safety Systems, CAI employs 40 staffers in the Corona office, and has projected sales in excess of \$30 million for 2012. Since 2007, CAI has expanded into new markets such as China, Turkey and parts of Africa through subcontracting.

Exports now represent 80 percent of the company's revenues. The company builds specified products such as boilers, burners and power plants, puts the CAI label on them and ships them overseas, employing local labor to install the units. Among the company's 33 clients is Mitsubishi, Foster Wheeler Corporation and ExxonMobil. Last year, CAI built a new service/support facility in the West African nation of Benin, where Mukund spends the majority of his time.

"He is stationed there. We wanted to make sure that everything [is] going smoothly and really have that one-on-one with our clients," Kavia says. "Good service means a lot to anybody. When somebody knows that you are listening to them and you are going to see them through some process, it becomes seamless, and you develop a relationship."

Referrals are responsible for much of CAI's business in West and North Africa. In Benin, the company built an 80-megawatt electric power plant, and expanded its services through custom products and mass-production assembly-line work. CAI continues to manufacture parts at its Corona headquarters, adding revenue to the company's bottom line with a straightforward, cash-on-delivery payment process.

"We look at the specifications of what the client wants and put in our

proposals, and it turns into a contract where we would deliver X and they pay us Y," Kavia says. "We would do



One of the eight 10-megawatt power plants CAI has installed in Benin, Africa.

this much for you, and when we have ordered the burner, we get the payment. That process has really helped our cash flow."

Kavia, whose first name means "flower" in Hindi, says that having a background in graphic design and administration proved helpful in running CAI. She designed flyers and client proposals herself when the company launched, saving on overhead. She also credits her first job at Interior Chemical Industries in Westminster, England, as a formative experience.

"I worked in the finance department and learned shorthand, typing, composing letters, and [I] attribute some of the training I had there in starting my first business," she says.

The eldest of three children—she has a brother who is an economics professor at the University of Norwich in England, and a sister who works at an insurance company in Orange County, California—Kavia grew up in a strict Hindu household. She was born in Nairobi, Kenya, where her grandfather had migrated from India, and her father moved the family to England after violence

erupted in the East African country in 1964. The family settled in London's East End, a predominantly

working-class neighborhood.

The contrast between cultures was a challenge for the independent young Kavia. "When you migrate away from your original country, you tend to stick to those val-

ues that make you who you are. Even though I grew up on the East End of London and had rowdy friends, there was always one foot [in] the Hindu part of the world and another [in] the Western part," she says. "It was a struggle to be this obedient daughter at home, and be this '70s teenager away from home. The perception at the time [was] that I would go for a secretarial course, get married and start a family."

In traditional Hindu families, that typically means a marriage arranged by the parents. Fortunately for Kavia, who was opposed to the idea of an arranged marriage, she met Mukund while he was studying in London. They have been married for 26 years.

"It was a 'love' marriage," she says. "When my parents found out that he was also born in Kenya and that his father and my father went to the same school, they said they couldn't have chosen a better husband for me."

Like many minority business owners, Kavia and Mukund moved to the United States in search of opportunities and are the embodiment of the American dream—



CAI installed a combined heating and electricity unit at an orange juice processing facility in Belize.

entrepreneurs who saw a gap in the marketplace, seized the opportunity and established a winning business. “We really didn’t have a rich uncle or a father we could borrow money from,” Kavia says. “We came here on our own and had these entrepreneurial ideas that have proved fruitful.”

Over more than 20 years in business, CAI has built a reputation for quality, ethics and on-time delivery, and won awards for its excellence in technology, manufacturing, quality and delivery performance. The company was the recipient of the 2011 Presidential “E” Award for Excellence in Exports presented by the U.S. Department of Commerce. CAI’s first recognition was as the 2005 Minority Manufacturer of the Year by the U.S. Small Business Administration (SBA), and Kavia was named the SBA National Minority Person of the Year in 2008.

“It was a very proud moment,” says Kavia. “People just don’t realize how difficult it is just to open a business, especially in our state of California, [where there is] so much regulation. To see [our] business thrive and grow has been amazing to watch, and to get these awards has been the icing on the cake—especially [from] your peers.”

If there is a lesson Kavia has

learned over her years in business, it’s the art of delegation. “Looking back, we didn’t delegate enough,” she says. “When you have a family business, it is your ‘baby,’ and you want to nurture it, and you think you are the only person who knows best how to take care of it.”

Mukund manages and controls the engineering and manufacturing side of the business, while Kavia operates the accounting, administration and human resources side of the business. Peter, Mukund’s younger brother, is managing director of CAI’s safety division, and Kavia’s son, 24-year-old Hari, is an accountant who assists the business from time to time.

Kavia sits on the board of the California Inland Empire District Export Council and several other organizations, “but the one that is close to my heart is the National Association of Women in Business,” she says. “They recently put together a manufacturer’s council that will concentrate on how we [can] bring jobs back to the Inland Empire, as we are losing some of the jobs there to outsourcing.”

Kavia is also researching new divisions for the company, and recently hired a director of research and development to look into renewable energy technologies. “We

understand that the whole world is shifting to renewable energy, and we are looking into taking things such as landfill gas, which is at every dumpsite where your garbage is, capturing the accumulated methane gas, and operating our units to produce electricity from waste.”

And with plans for a CAI Saudi Arabia and CAI Europe, the company’s future potential is unlimited. “We recently found a distributorship in the Middle East,” Kavia says. “They have a huge need for power in the summer months when they have very high temperatures, and need cooling as well as electricity. We are looking at other strategic areas for partnership. We want to have distributorship[s] in different parts of the world where there is a need for infrastructure, and power generation in particular.”

Her ideas are enormous and her energy infectious. Both have been catalysts in making CAI into a worldwide business. ◆



S a m a n t h a Ofole-Prince is a Los Angeles-based journalist who frequently covers happenings within the entertainment industry.

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