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At California Faucets in Huntington Beach, worker Israel Menera dips plumbing parts in a bath as he creates a bronze finish.

JEBB HARRIS, THE ORANGE COUNTY REGISTER



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Fred Silverstein knew a lot about selling plumbing supplies but nothing about manufacturing them when he started **California Faucets** in Huntington Beach in 1988.

The company's 24-year survival has depended on Silverstein's ability to identify and exploit what he calls the Achilles' heel of bigger competitors, many of which have moved manufacturing to lower-cost countries. In contrast, Silverstein is proud that his company still provides U.S. manufacturing jobs.

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"We custom handcraft every faucet in our factory in Huntington Beach, and we're proud to say we employ more American labor per faucet than virtually any other decorative faucet manufacturer," he said.

But California is a high-cost state for manufacturers, so California Faucets couldn't compete on lowest price. Silverstein said he had to find other weaknesses in his competitors and develop ways to differentiate his faucets. He came up with three factors: quick turnaround, value and an emphasis on service that means customers calling for help speak to a real person who is knowledgeable.

"If you ordered something (from competitors) it might take six weeks," he said. "Their prices were high for the quality you got and they didn't treat the customer right."

That three-pronged approach has continued even as son Jeff has taken over as president and nephew Noah Taft has assumed the marketing and sales leadership. Fred Silverstein, now 80, still puts in eight-hour workdays. They continue to keep manufacturing local.

The company now employs 80 people to design, engineer, assemble and hand-finish decorative bath and shower faucets and drains that are sold through specialty stores.

"Those California jobs are a great source of pride

for us," Taft said.

Earlier this year, the company worked with California Manufacturing Technology Consulting, a nonprofit based in Torrance that helps California companies remain competitive.

"CMTC helped them with their strategic planning process and organizational assessment," said client adviser Ron Calome. "Overall, California Faucets is a very progressive company that wants to grow. It is an excellent company to work with."

Plumbing has been a family trade for decades. The Silverstein family had been in the plumbing supply business on the East Coast for as long as Fred Silverstein could remember. He and a cousin owned a wholesale plumbing business in Long Beach until Silverstein sold his share in that company in 1993.

When Silverstein launched California Faucets, "I had no idea what I was going to make, and no one wanted my stuff to begin with so I looked for the Achilles' heels of the big guys," he explained.

Silverstein spent about five years figuring out how to make customized faucets as quickly as competitors turned out standard products. He did it by setting goals and when he reached them, setting new ones. He didn't pay himself a salary for years. He and his wife lived off the profits of her travel agency.

Danny Swaim, vice president for business development at decorative plumbing retailer **Fixtures Living** based in San Diego, said of California Faucets: "The unanimous opinion across our company is that they are one of the easiest to work with, the most supportive of the companies we deal with. It's the culture of their organization. Fred once told me that the number one thing for him is to have a live person answer the phone. When you call a manufacturer, you either have a question or a problem. The fact that someone answers the phone gets you in touch immediately with someone who can solve your problem."

In 1997, Silverstein sought help from son Jeff, who had spent 15 years running children's camps in New York.

Jeff Silverstein recalled that his dad said: "I have this small manufacturing company that's gaining traction. Why not come help?"

"I was employee number eight so I had to learn every aspect of the business," Jeff Silverstein added.

The company's culture was based on doing whatever it took to succeed, he said.

Fred Silverstein quickly added, "The culture from the first has been to take care of the customer. Within reason, give them what they want."

One way to give customers what they wanted was to allow them to mix and match faucets and handles from



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more than 25 product lines and choose from 30 decorative finishes. The company had to keep a large inventory to deliver those customized products quickly, usually in 24 to 48 hours, Jeff Silverstein explained. In the early years, the company had no computers, so tracking tens of thousands of parts was done manually. Today, computers manage everything.

When the recession hit, some competitors closed. California Faucets survived, Taft said, "because we're not leveraged, we're privately owned and we're very conservative. More recently, we've been able to grow and take market share."

Swaim of Fixtures Living said his customers like the idea that California Faucets does manufacturing locally, provides good quality and saves water.

"That resonates with people, but they don't want to pay more. California Faucets provides those things at a fair price," he said.

In a slow economy, the company didn't have the luxury of treading water. It spent \$4 million for two machines to molecularly bond a superhard finish with metal using a process called physical vapor deposition, PVD for short. The company can charge 30 percent to 60 percent more for PVD than for hand-rubbed or powder coated finishes.

Set up as a separate company named **PVD Coatings**, the PVD process is offered to other companies, including **Wynn Hotels**, which had all its Las Vegas slot machines finished.

Jeff Silverstein also came up with the concept for a new type of decorative shower drain with concealed screws – California Faucets' first patented product, Taft said, adding, "The reason we're thriving in a down market is that we innovate and customize."

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