Michigan firm shows new type of home siding

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Marc Carlson of Microposite Inc.

A new Auburn Hills-based manufacturing firm plans to launch this summer what company officials tout as the first new development in home siding in two decades.

<u>Microposite Inc.</u> introduced its eponymous siding product - made of 80 percent perlite, polyurethane resins as a binder and fibers for strength and durability - at the International Builders' Show in mid-February in Orlando, Fla.

"This is the first time the public has seen what we do," said president and CEO Marc Carlson.

Microposite is a venture capital-backed clean manufacturing company launched in part with a state MEGA grant made in 2007, Carlson said, as the company made a \$7 million investment in its move from Novi to Auburn Hills.

It's based on a patented material developed in Michigan, Carlson said, and it made sense to keep production in the state, he added.

"The environment (in Michigan) is helpful for us," Carlson said, citing availability of employees, manufacturing space and tax benefits.

The private company has operated out of a 30,000-square-foot office and manufacturing space in Auburn Hills since May, now employing about 25 as it prepares to take its product to market. Employment projections call for 62 employees, and the company got combined state and local tax incentives worth just under \$600,000.

Microposite distinguishes itself on both weight and energy-efficiency, since it "provides an insulative barrier around a home," Carlson said. "...It's like putting insulation on the side of a house."

As a result, it comes to market as "green" construction takes center stage for both its mass-market appeal and as a strategy for builders and product manufacturers to weather the industry slowdown.

Microposite officials toured the builders' show in 2007, said marketing manager Jake Williams, gathering anecdotal information for how it

MICROPOSITE'S SIDING

- No harmful substances and energy-efficient, with a 1.6 R Value.
- 50 percent lighter than fiber cement.
- Application requires traditional woodworking tools.
- Available in four widths from 5 to 8 inches and both smooth and textured sides.
- Pricing is midrange for the industry and comparable to premium lap siding.

could make a difference to the building industry.

This year, it returned to build primary market demand. It employs a direct sales force and partnered with BlueLinx on the distribution side.

Carlson wouldn't discuss revenue projections. The siding and trim industry is worth about \$10 billion per year in the U.S., he said.

"It's an enormous market," Carlson said. "And there have been no new product innovations in 20 years."

Microposite got a lot of attention in Orlando. It covered a luxury model house built in the parking lot of the Orange County Convention Center as a showcase element in the outdoor exhibit. Staff was on hand to explain the product as thousands lined up to tour the home.

Early reaction was positive, company officials said, with the product even earning a mention in the Wall Street Journal.

Carlson's background is in VC startups, but he describes home builder as his avocation. He was involved in GMF Robotics Corp. and Ariba Inc., "which we took public and is still going strong after three years."

Funding for Microposite comes in part of Nth Power in San Francisco and DFJ Element in Menlo Park, Calif.

Carlson said the resident slowdown is the perfect time to introduce a new product. A boom market wouldn't allow time for ramp-up, he said, while builders during busy times don't have incentive to consider product alternatives.

A study from the National Association of Home Builders shows that 70 percent of builders are willing to look at innovations, Carlson said.

"For us, this is perfect timing."

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