

# Doing Business in SHELTON

Feature Section

## Riding the crest of a profitable wave

*Latex bedding manufacturer takes advantage of unprecedented industry growth*

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The meteoric rise of latex industry sales has prompted Latex International, the only U.S.-based Talalay latex producer and largest supplier of latex mattress components, to reach for a larger piece of the market share.

"The latex industry is roughly a \$5 billion industry," said Mike Lorelli, Latex's president and chief executive officer. "The high end of the market is growing in excess of 20 percent and that's a nice tail wind to have," he said.

The fast growth is fueled by consumers' increased disposable income and their growing awareness that a high-end mattress may be the answer to a better night's sleep.

But unlike its customers, Latex International is showing no signs of getting comfortable. Sales for the first six months of this year are up 29 percent from last year and the company sees this as an opportunity to increase sales even further.

The company expects to launch a new latex topper line in December. Due to its sheer size, (200'x20'), the production line is dubbed "Big Foot" and will enable the company to produce mattress toppers on a continuous line. Lorelli has just finished final inspection of the machinery, which is manufactured in Milan, Italy, before it is disassembled and shipped to the United States.

To keep space requirements at a pace with growth, Latex opened a new 45,000-square-foot facility at 12 Commerce Drive in Shelton. The new location will house the fabrication and shipping operation along with 50 employees.

In addition to the new site in Shelton, the company recently opened fabrication sites outside Los Angeles and Atlanta, and is planning to open a fourth in Chicago. "We made the decision to add another 19 percent to our manufacturing capacity to come online in October and then another 19 percent to come online February of next year," Lorelli said.

The last time the company was undergoing construction, it was not out of choice. In May 2001, a fire destroyed almost all of its facilities in Ansonia. A year later, the company opened its new facility at 510 River Road in Shelton.

In Kevin Stein's mind, the decision to rebuild after the disaster speaks volumes about the company's core values. Stein is



Business Journal photo by DAVID TOTH

(Left) Mike Lorelli, president and chief executive officer of Latex International. (Above) Kevin Stein, director of marketing, and (below) the new Big Foot latex topper line scheduled to go in production in December. Lorelli says the fast growth of the latex bedding industry is fueled by consumers' increased disposable income and a growing awareness that a high-end mattress may be the answer to a better night's sleep.

director of marketing and he said when the company's facilities burned to the ground, "the owners could have easily cashed out, but they decided to reinvest, because we have such a unique offering." He added, "everybody believes in our product and wants to see the company succeed."

Latex recently hired a new vice president of information technology and a purchasing manager. Out of the 20 management positions it filled, 19 were new positions and only one was a replacement.

"The entire senior team has had Fortune 500 experience," said Lorelli, which translates to quick decision-making. "We can move with incredible agility, it's a

matter of getting the right three or four people in the room to make a decision."

"There is a lot of demand out there for our product and our intention is to grab our share and hopefully more of what's out there," Lorelli said.

According to the International Sleep Product Association (ISPA), bedding manufacturers had a record year of sales last year. This is partly due to a consumer shift to higher quality and specialty products, which results in higher average unit prices. The dollar value of mattress and foundation shipments jumped 11.3 percent during the year to 5.61 billion, the strongest annual performance in 20 years.

