POST & COURIER / FEATURE
JANUARY 2006

THE URBAN ELECTRIC Co.

COVER STORY

Lighting the Way

Local firm fights pressure to go offshore and cheap

Jeff Peek (left) and Julie Kolbe work on hanging light fixtures at Urban Electric's West Ashley workshop. At top, Ben Aydlett "ages" a copper fixture by dipping it into a chemical bath.

BY KYLE STOCK
The Post and Courier

David Dawson, like a lot of other South Carolina manufacturing and retail executives, was in a tough spot a few years ago.

His product, high-end light fixtures, was being underpriced by heavyweight retailers. But rather than cutting costs and searching for a cheaper corner of the world to move production, Dawson, 33, went in the opposite direction and started outsourcing closer to home — just west of the Ashley River, to be exact.

Rather than paying hundreds of Chinese laborers a few dollars a day, Dawson's Urban Electric Co. hired 18 local workers: a sculpture student, a tugboat captain and a journalist, among others. They didn't have much in the way of manufacturing skills, but they worked hard and were quick studies.

It is a crafty way to run a company, and the suggested retail prices on Urban Electric's light fixtures reflect that. But Dawson's contrarian business moves have allowed his firm to swim against the tide of globalization, while many operations like his are being pushed to countries further down the economic stream.

Old economy rebora

Urban Electric's four industrial workshops in West Ashley are an anomaly in the state's battered manufacturing industry, a dice of the economy that has shed 22 percent of its work force, some 73,000 jobs, in the past five years. The employees are almost all young and energetic. A number of them look alike: Dawson explains that there are four or five pairs of siblings on the payroll. It is, in many ways, a family enterprise.

Lindsay Coker used to be a ballroom sculptor and magician at kids parties. But on a recent Tuesday morning, she was twisting little bands of copper with pliers, making details for the five lanterns lined up in front of her. Coker was not assembling pieces of the fixtures and passing them on; she was building each lantern from start to finish. And unless orders are piling up, she spends two to four hours every Friday just messing around, trying to create a new and flashy fixture.

"We don't compete on price — we don't even try," Dawson said. "We compete on design. We compete on customization. We compete on service. And somewhere down the line, we compete on value. ... You can sketch something on a napkin, and if we have the ability to produce it, we will."

Henry Ford probably would turn over in his grave. And U.S. productivity investors would plummet if every company ran like Urban Electric. But the concept is working, according to Dawson. There are a lot of people out there willing to pay between $175 and $4,500 for a light if they know it is a high-quality, hand-made product. It doesn't hurt that the pieces are a little harder to come by than the lamps on the shelves at Target.

Glenn Keyes, a local architect who specializes in historic preservation, uses Urban Electric for three or four lighting projects a year. He said shops willing to build products to order are increasingly rare.

"A lot of times, things right off the shelf don't fit our needs," he explained. "And I think most companies don't want to do custom work. ... It takes time and you've got to love to do it. Larger businesses really don't have that luxury."

Heating Up

Urban Electric fixtures can be found in and on some of Charleston's highest-profile homes and eateries, including Coast and 39 Rue de Jean restaurants. The massive candle chandelier the company crafted for Raval tapas/wine bar on King Street is particularly impressive. The company's products also grace some celebrity abodes, including Faith Hill and Tim McGraw's homes in Nashville and Beverly Hills.

Urban Electric also is lighting up the pages of high-end home-decor magazines and drawing the attention of some of the country's top designers and architects. About 90 percent of Urban Electric's revenue comes from out of state, and this year, the company expects sales of $2.6 million to $3 million from a few thousand fixtures.

And the company is working on a bid requested by a high-profile branch of the U.S. government, which Dawson was instructed not to disclose publicly.

Diane Balestri, who designs lighting strategies for large New England homes, discovered Urban Electric in a magazine ad a few years ago. She buys its products regularly and lauds the firm's design, prices and customer service. Balestri particularly likes the fact that she can talk directly to the people making the lights she orders, a rarity in the world of lofty lighting.

"They are doing just the right thing," she said. "We deal with hundreds of designers, and if they could all be like them, we'd be in heaven."

Urban Electric owner David Dawson poses in the company's King Street showroom. "You can sketch something on a napkin, and if we have the ability to produce it, we will," he says.

Assembling a company

In many ways, Dawson and his wife, Jennifer, built Urban Electric the same way that their employees piece together its products: starting with a tentative design and continuing with a lot of thoughtful tinkering.

Dawson, a native of New Jersey, worked for three years as an environmental attorney in Charlotte before signing on with his brother's small software company and moving to San Francisco, where he met Jennifer. The brothers sold the business to a small public company just before the dot-com crash, and Dawson and his new bride, flush with cash, started shopping for a new hometown and a new business.

They picked Charleston in part because it reminded them of San Francisco, and in restoring their newly acquired Pitt Street home, they discovered what they called an unserved niche for high-quality light fixtures.

"At that stage, this could have been green widgets," Dawson said as he glanced around Urban Electric's King Street showroom. "We were just looking to start some kind of business."

They signed an agreement to operate as a franchisee of Circa Lighting, a Savannah-based shop that bought its products from overseas via a Texas wholesaler. But Dawson said the prices he paid for the fixtures were higher than retail rates at high-end stores such as Pottery Barn, so the couple aimed for an even higher market.

At the end of 2003, the Dawsons dropped their agreement with Circa and launched Urban Electric. They bought John Gatti Lanterns, which included some tools and a stable of four veteran craftsmen with decades of experience building custom fixtures for historic Charleston properties. They also signed on some salespeople and launched a national marketing campaign in Southern Accents and Elle Decor magazines.

"The lighting market, as with a lot of furniture industries, has gone the way of the lowest common denominator," Dawson said. "The direction that we took was that we need to be in control of the design, we need to be in control of production, and we need to be in control of the branding, so by de facto we could create something different, because we'd be the only ones doing it."

A bright future

The drawback to the Urban Electric approach is that it is labor-intensive. One minute, Dawson will be coordinating a national media campaign and talking to one of the world's top interior designers from Urban Electric's King Street headquarters, the next he will be cutting copper at the shop to help his production staff meet a tight deadline.

"It's almost like running two, maybe three different businesses," Dawson explained. "I always feel challenged, and I always feel a little bit off-kilter."

It is also an expensive approach. Health care for 24 employees does not come cheap, nor do ads in national design magazines. Despite skyrocketing revenue, Dawson conceded that realizing a profit has been a challenge. But the couple are committed to the business model. Dawson points to the success of high-end brands such as Starbucks, Whole Foods and Waterworks bath fixtures, which give consumers choices and sell an experience and a name as much as a product.

He is shooting to grow business tenfold in the next five years. If Urban Electric continues as planned, it soon will realize $20 million in annual sales, a number of showrooms in other cities and swelling ranks of craftsmen.

The company also is creating two private collections, one for an international designer based out of Washington, D.C., and a second for Baker Furniture, a high-end manufacturer based in North Carolina.

"The demand for the concept is out there," Dawson said. "The challenge for us is keeping up."

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