

THE SKY'S THE LIMIT

ANNA KENDRICK PROVES THAT YOU DON'T HAVE TO BE A BIG PERSON TO HAVE A HUGE CAREER

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AUGUST 1, 2010



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Web Exclusive: Wrapping Up a Recession

by Bill Fink

These days, nothing is too big to be shrink-wrapped.



It all began with the ducks, really. Back in the late 1990s, Mike Enos, a serial entrepreneur and professional taxidermist, didn't know what to do with his duck-hunting boat during the offseason. He only used it a couple of months per year for hunting trips, and the rest of the time it sat on his driveway getting trashed by the extremes of the Reno, Nev., weather. Rather than pay for storage, he bought some plastic wrap, rented heating tools and shrink-wrapped the vessel for the winter.

"I had so many people coming to my house and asking how I did [it] that I had to move the boat to a remote lot," Enos says. "And then I started to wonder, 'If all these folks need this done, maybe there's some money to be made.' "

Thus, a business was born.

Now, repossessed antique cars sit in a warehouse in Los Angeles, shrink-wrapped in plastic, awaiting buyers. Dozens of pallets of construction materials, hermetically sealed against the Las Vegas desert, lie ready for a turnaround in the building trade. Plastic-covered foreclosed homes, half-finished hotels and even a church stand as silent indicators of a global recession.

But one person's recession is another's reward. This rash of foreclosures and mothballed construction projects has launched a boom in the business of mega-shrink-wrapping.

Enos' Fast Wrap USA has signed up 63 franchisees in the last year alone. The company's Las Vegas franchisee, Garth Harris, says that in 2009 nearly two-thirds of his \$150,000 wrapping revenue came from contracts to cover unused buildings, equipment and supplies in that hard-hit town. Global Wrap, a Florida-based company that invented a boat-wrapping process in the late 1970s, says more than 30 percent of its business is based on sealing halted construction projects. Dr. Shrink, a \$15 million wholesale distributor of wrapping materials, is enjoying a 25 percent annual growth rate. And a dozen other large wrapping manufacturers, distributors and service companies are also experiencing brisk business.

More than a decade after Enos' lightbulb moment with his boat, large-scale shrink-wrapping as a business has won over initial doubters. "When I first heard the business idea, I was skeptical," says Scott Jewett, a senior adviser at I-Franchise Group, a franchising consulting firm based in Homewood, Ill. "But then we looked at the numbers, saw the fragmented nature of the market [and] the increasing demand, and it just made good economic sense. Once we launched, demand exceeded even our optimistic expectations."

THE WRAPPING INDUSTRY really began in the late 1970s, after James Talbot patented his process of shrink-wrapping boats. As more marinas, private owners and manufacturers entered the boat-wrapping business, Talbot and his son-in-law, Anthony Seraphin, added a new service to their wrapping repertoire: disaster recovery. From the earthquake in Armenia to hurricanes Andrew and Katrina, their Global Wrap business protected damaged structures from the elements and created temporary roofs and shelters.



Since then, a handful of other companies launched to provide materials and services to wrap not only damaged structures but also those still under construction, including water towers, hotels, homes, bridges and even a giant octopus ride in a water park. Newer applications include instant tents for weddings, anti-erosion coverings for hillsides and packaging for the transport of massive, delicate items like generators, turbines and aircraft. Sealed work sites can help shield workers from the elements, food-processing facilities from contaminants and hospitals from germs.

As the applications for wrapping have expanded, so, too, have the types of wrapping

materials. One specialty polymer has an antimicrobial film for furniture, and another contains a volatile corrosion intercept, which emits a gas that slows the degradation of electronic components and prevents rust. White and black plastics regulate temperature, and green tinting helps sites blend into the surrounding countryside.

It's all done with rolls of LDPE #4 (low-density polyethylene) plastic, which is produced in thicknesses between 7 and 12 millimeters and can support 250 to 600 pounds per square foot. Saran Wrap it is not.

Workers unfurl the plastic over buildings and vehicles (or anything else that is standing still), apply heat to shrink the wrapping by 25 percent, sealing it tightly around the target, and then cut entryways into active work sites.

Wrapping prices vary widely, depending on location, shape of the item, weather conditions and sealing requirements. According to Fast Wrap, the cost of a project can range from \$200 to \$300 to wrap a 20-foot boat to \$4,000 for a three-bedroom house to \$250,000 to cover a 2,000-bed hospital. And if you happen to have an Air Force A-10 jet that needs wrapping for shipment, that'll run about \$2,800.

Wrapping services have been a perfect match for the recent economic downturn. With the suspension of countless home- and business-construction projects, owners needed to protect their half-finished structures from the elements. Even houses of worship are not immune from a downturn — fundraising for a large church by Lake Tahoe, Nev., dried up midconstruction, and its steeple has been temporarily shrink-wrapped for safekeeping.

And although 60 percent of Fast Wrap's recent growth is attributable to recession-related opportunities, it is, ironically, also well positioned to ride the economic wave of recovery. With federal funds becoming available for all kinds of construction projects, work sites are better able to afford protective tenting on their structures. Increased investment in alternative energy is providing another windfall: the opportunity to wrap huge, delicate wind turbines headed for long, cross-country truck rides.

"If you're thinking of getting into this business because of the recession, forget about it. This is just a blip in our long-term perspective," says Anthony Seraphin, president of Global Wrap.

Bart Stenberg, the general manager of Dr. Shrink, says he's looking for his biggest growth to be in the industrial sector, with major clients like Caterpillar buying supplies to wrap equipment for shipping across country to active job sites. Meanwhile, Fast Wrap USA is shrink-wrapping a canceled casino project in Las Vegas and aggressively expanding franchises domestically and internationally.

And if you happen to be flying to San Jose or Sacramento on American Airlines, make sure you look at the new terminal expansion projects at those airports. Yep, they've been shrink-wrapped.