

Going Green Creates Profitable Niche for Tile Maker

Recycled Glass a Foundation for Success

BY JULIE POUCHER HARBIN

Oceanside Glasstile is not on an environmental mission, according to its President Sean Gildea, but it sure does pay to operate that way — with both satisfied customers and access to public funds.

The \$10 million Carlsbad company manufactures luxury glass tiles for commercial and residential use worldwide, using 40 percent recycled glass.

“Glass tile has really caught fire especially in this country,” Gildea said, explaining how as demand has grown since the company was founded in 1992, the business has become more competitive.

However, he believes using recycled glass gives the company an edge with customers.

“Our products are very beautiful, but knowing that they can get a product that’s recycled is an attractive thing for many people,” he said.

His biggest competitor, Bisizza, based in Italy, does not use recycled glass.

Using recycled materials also affords access to government projects.

“We are able to work on specialized projects and jobs where there are requirements for either green or recycled products,” he said.

Glasstile is an authorized provider for a project to substantially refurbish the Los Angeles County Community College District.

Said Gildea, “We most likely would not be a selected vendor for them without the recycled aspect.”

And, the business was also able to take advantage of a low-interest \$1.4 million loan from the state to buy new furnaces and kilns as well as other production, office and telecommunications equipment when it was expanding operations in 2001.

The loan was designed specifically for businesses that work with recycled-content materials. The theory is that those businesses create jobs and divert recyclable materials away from the landfills.

Companies must be located in a state-designated Recycling Market Development Zone (RMDZ) to access those loans. There are two such zones in San Diego County — one in the north and one in the south. The North San Diego RMDZ was established in 1994 and covers much of North County, including Carlsbad, Del Mar, Escondido, Oceanside, Poway, San Diego, San Marcos, Solana Beach,



Vista, and unincorporated areas in San Diego County. The South San Diego RMDZ was established in 1992 and covers about 6,300 acres of land and is in the southern part of the city of San Diego along the Mexico border.

Glasstile uses between 500 and 700 tons of recycled glass per year — glass that is not being dumped in area landfills.

Gildea, 36, said trading his professional career as an auditor for Deloitte & Touche in Costa Mesa for a job as a manufacturing boss in Oceanside was the best career choice he ever made.

The Allure Of Manufacturing

“The allure of putting the suit in the closet and putting on shorts and a T-shirt was one nice thing,” Gildea said. “Seriously, the allure was being able to be an entrepreneur.”

Three glassmakers, including his uncle, came to him in the early '90s with their vision of manufacturing glass tile — a concept for which there wasn't much competition at the time. Glasstile was founded in 1992 in a 2,000-square-foot facility.

In 1994, the company pulled up stakes and re-located to a 10,000-square-foot building in Carlsbad when the real estate market was still soft, and expanded to 17,000 square feet by the end of 1999.

Now with a 50,000-square-foot facility that employs 175 people, compared to 60 employees in 1999, Gildea said the company is “pushing the limits.” He's looking to expand warehouse and manufacturing space and add employees over the next few years.

“Since 2000, revenues have doubled. We're planning on growing at least 15 percent this year,” Gildea said. Revenues for 2003 topped \$10 million.

John Marckx is executive vice president of operations and marketing. Don Pettey is a founding partner, executive vice president, and the technician in charge of equipment and glass formulas. Jon Stokesbary is a founding partner and the designer. Scott Fleming is director of technical services.

Gildea, the former accountant, is the largest shareholder.

“It's been a great move for me. I think it was really helpful to have the accounting background. I worked at Deloitte for four years. I got to see a lot of different businesses, so I was able to kind of learn from that and apply it to my own business,” Gildea said.

Rising workers compensation and health insurance costs, which he called very difficult, have not deterred him from continuing to operate in the area — at least not yet.

“San Diego is not the low-cost alternative, although there are several manufacturers here,” he pointed out.

In 1995, when the company was still getting off the ground, it was commissioned to create mosaic tiles for a restoration of the Hearst Castle Roman Monument Pool.

Now, most of Glasstile's customers are tile and stone wholesale showrooms, such as the Home Depot's Expo Design Center chain, that work with designers, contractors and architects. They don't do direct sales.

The tiles are used in residential kitchens, bathrooms, spas, pools, and are popular commercially in

restaurants, bars, and clubs.

Here in San Diego County clients include Petco Park, La Costa Resort and Spa, and The Lodge at Torrey Pines. Nationally, Glasstile's work can be seen at the W Hotel in New York City, The Palms Casino Resort in Las Vegas, and two Holland America Cruiselines ships.

In the past five years the company has expanded its distribution into Canada, Great Britain, western Europe, Japan, and Hong Kong.

At the end of the day, the secret of the company's success, said Gildea, is the medium.

"We kind of pioneered in an industry that was looking for something new and exciting. The translucent nature of glass offers so much to tile, more so than you might find with ceramic."

Glasstile buys its glass from Los Angeles-based Western Strategic Materials, which draws from curbside recycling programs throughout Southern California.

"We definitely take pride in being able to remove a lot of glass from the waste stream. ... and it offers a lot of benefits," Gildea said.

Glasstile buys recycled glass in the form of cullet — gravel-like pieces the size of a nickel and smaller that are so broken down that they have almost started to turn back into sand. Cullet is easy to store and when it's re-melted the process is cleaner and more environmentally friendly than melting glass from scratch.

The percentage of recycled glass used per tile, depends on the color. Some colored glass is made with 85 percent recycled glass. Some glass has no recycled content, while other colored tiles use between 25 and 30 percent recycled glass.

Glasstile also re-uses much of the scrap glass that results from cutting the tiles, since many of the colors have the ability to be re-melted. He said that a minimal amount of scrap does end up in the landfill and the company is looking at other ways to reuse it or sell it.