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## Story Archives

Friday, November 12, 2004

### New outlook

By: Jeff Yip

HOUSTON --  
**November 01, 2004**

With a closet full of suits, frequent meetings in Europe and a platinum American Express card, Russell **Molina** was hurtling along the fast track of life as president of a Houston investment firm.

Then came the tragic events of Sept. 11, 2001. Trapped in Quebec and unable to get home, **Molina**-now the owner of Custom Rubber Products Inc.-was desperate to be with his family. He rented a car and took a circuitous route that also involved trains, cabs and when they were allowed back in the air-planes, before arriving home late on Sept. 15.

"I knew I had to get out of that line of work and find something where I could stay in Houston," he said.

So **Molina** put word out that he was looking to buy a business, and a contact told him that Houston-based Custom Rubber, a company founded in 1961, was for sale.

The widow of Bob Boone, Custom Rubber's founder, was selling the business, an original equipment manufacturer of molded products for oil and gas industry companies such as Baker Hughes Inc. and Enventure Global Technology L.L.C.

**Molina** knows his spreadsheets and liked the story Custom Rubber's books told. "The real gem that I saw was that here they were making money, yet they had no marketing presence, no sales department," he said. "It was truly a sleeper."

Though there were other potential buyers, **Molina**-who had promised the Boone family he would retain the longtime staff-acquired the company in September 2002, a year after the terrorist attacks.

Although he won't disclose the selling price, **Molina** said funding included a \$660,000 loan from the Houston Small Business Development Corp., a Small Business Administration-backed loan from the Southwest Bank of Texas, and equity investments by family and friends.

"He had a great business plan; it had good projections and was thoroughly thought out," said Michelle Wright, an assistant vice president of Southwest Bank of Texas.

Bank officials also were impressed by his good following in the community. "You have to have a good reputation," Wright said. "And then there's his vision and drive. He's very determined and when he's got a goal, he's going to work hard to achieve it."

**Molina**, who earned a marketing degree from Sam Houston State University but was immersed in finance right out of college, was better prepared for running a rubber manufacturing operation than most marketing majors.

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“What made me think that I could learn rubber is my interest in chemistry and science,” **Molina** said. “When I was a child, when parents would buy the home chemistry sets with 50 different chemicals, mine had 500. In college, when most students wanted to take the easiest science, I chose chemistry.”

Still, **Molina** realized he had a lot of homework to do. He met with engineers. He pored through industry manuals and publications. He printed out scores of Web pages, including a periodic chart. He mixed rubber for three days and worked the presses another three days.

“The first year-2002 to 2003-was spent learning the business, observing processes and understanding capacity,” **Molina** said, because he didn’t want to push their services and not be able to deliver the goods as promised.

In addition, the firm invested about \$200,000 in capital improvements. It upgraded computers and converted five steam presses to electric to improve efficiency and flexibility. Custom Rubber also constructed a laboratory, preparation area and break room. Finding space wasn’t a problem, as the molder’s buildings occupied just about 36,000 square feet on a 9.3-acre site.

**Molina** hired a vice president of marketing and sales, a lab manager and an inside sales manager. A Web site-www.customrubber.com-also was established. Another big shift was how the firm pursued business. Where in the past Custom Rubber had waited until a client called, **Molina** and his team started visiting customers or potential clients, or having them tour the plant.

Custom Rubber’s annual revenue had run about \$3.8 million before **Molina** bought the business. It dipped to \$3.3 million in 2002 before jumping to \$4.6 million last year. For 2004, the company owner projects revenue of more than \$5 million. The staff has grown to 58 from 42.

Custom Rubber’s growth plan calls for asking existing customers for more business, identifying new customers and going into plastics or bigger rubber parts. **Molina** said he would like to double the size of the company, perhaps through acquisitions of other mid-level rubber and plastics companies.

He said his biggest challenge has been having the employees accept the numerous changes he has made in areas such as strategy, focus, processes and new personnel. “As you know, change can be very difficult for people,” **Molina** said.

Richard Donnell, vice president and one of the company’s original employees, said **Molina** has instituted a lot of innovations. “Russell brings optimism and strength of leadership, like Bob Boone did,” Donnell said. “He wants to do things better and learn new things.”

For his part, the 37-year-old **Molina** doesn’t miss the power meetings of the finance game one bit. And he’s discovered great satisfaction in the rubber field. “What I love about this industry are the people,” he said. “They are down-home, hard-working people.”

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