



# ERNST & YOUNG ENTREPRENEUR OF THE YEAR

Manufacturing, technology, teamwork combine for growth

## Sunstream gets big lift from product breakthroughs

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Many young entrepreneurs can only hope to enjoy the early kind of success that Kenneth E. Hey has had as president and CEO of Sunstream Corp.

Sunstream has experienced continuous (and rapid) growth since the first day of business nearly a decade ago. The Renton-based company has grown from 1997 revenues of \$480,000 to \$3 million in revenue last year. Expectations are to earn \$4.7 million in revenue this year. Cash flow from operations and personal loans from the founders (Hey and his wife, Deborah) to date have funded the company's growth.

Hey, who was recently accepted into the three-year MIT/Inc. magazine's Birthing of Giants program, credits much of his success to a mentor — another inventor who started his own company and who taught Hey about the right business culture to have for his own company.

Hey founded Sunstream (formerly Design Tech) in 1992, as a product development company. Four years later, Hey, an avid boater, developed his first "Sun Lift," a solar-charged, remote-control operated, hydraulic boat lift.

Hey originally developed the product for his own personal use as a waterfront homeowner. In 1996, however, Sunstream was incorporated after several of Hey's neighbors convinced him that he had a great product, which wasn't available on the market.

In 1997, Sunstream disrupted a stable, niche industry with the introduction of his new technology at the Seattle Boat Show, racking up



**Kenneth  
E. Hey**

MANUFACTURING  
ENTREPRENEUR  
OF THE YEAR

sales of more than 50 boat lifts over a 10-day period. In four years, Sunstream has become a leader in the residential boat lift industry, in technology and size.

The Sunstream production model is different from the others in its industry. Sunstream's competitors are primarily small-to-medium-size fabrication shops that produce in-house. Sunstream's strengths are product development, customer service and marketing. The company's business model allows it to replace fixed overhead costs with variable labor costs.

Sunstream's method of operation has helped the company to earn the 2001 Northwest Entrepreneur of The Year award in the manufacturing category.

Hey is also a member of the Seattle chapter of the Young Entrepreneurs Organization and was selected as one of the Eastside Business Journal's "40 under 40" for last year.

Sunstream's primary boat lifts are produced

in the state's prison system. Using the Department of Corrections' Prison Job Skills program has allowed the company to focus on product development and national expansion. Outsourcing also creates a strong competitive advantage. Most of Sunstream's competitors are forced to produce inventory during the off season to satisfy customer demand.

Sunstream's business model has allowed the company to increase production just prior to the high season and slow or stop production during the off season, which helps to lower inventory and overhead costs. As a result, Sunstream is not faced with the cost of a large production facility, production staff and the potential of releasing workers in the off season.

Sunstream is one of Washington's fastest-growing companies with a business model that incorporates aerospace technology and customer service into products for recreational boaters and waterfront homeowners. With several new breakthrough product developments (to be announced in October), Sunstream anticipates growing from to \$85 million in revenue over the next several years.

Sunstream's business model, company culture and manufacturing strategies have helped it to attract a quality team. Present employee count is 15, with plans to grow to 21 by the end of the year. It's a family-owned business. Hey's parents, who live in New Jersey, are in charge of the electronics that go into the remote control. Deborah Hey, who is vice president, founded and managed several companies before taking on her role at Sunstream.

The four key areas of the company are marketing and sales, engineering, operations and finance. One of Sunstream's successful incentive programs is its profit-sharing program. Teams work together to maximize and balance five metrics: profit, cash flow, customer service, quality and safety, which allows each person to make decisions like an owner.

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Sunstream works to provide a unique and positive work environment for its team members. Sunstream developed a motivating company culture based on customer focus, integrity, trust, respect, innovation and continuous improvement. The company also practices a management style that allows each employee to grow, by trying new methods to accomplish objectives.

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