

Success Story

Don't Wait—Innovate!

Infinity Air



Repairing and replacing aircraft parts is big business.

The Company

Infinity Air was founded in 1977 by Jimmy Wu, the child of immigrants from China. The company, a manufacturer and distributor of new and refurbished aircraft parts for the commercial aerospace industry, has sold \$63 million in products and services to customers in 60 countries. The export of parts alone accounts for more than half of total worldwide sales.

Five aircraft manufacturers, including Boeing, account for 80 percent of Infinity Air's repairs and spare parts. Aircraft serviced are mainly Boeing's 737-600-900 series, 767 twin-aisle, 747-400, and 777 aircraft. Today, the company employs 115 people and operates out of a 160,000-square-foot facility in southern California, with two additional locations in Seattle and Miami.

The Challenge

Because the business is global, Wu has plenty of lower-cost competitors, and he can't compete on a dollar-for-dollar basis with low-wage countries in Asia. His higher costs coupled with fluctuations in the business cycle were constant worries.

The Solution

Wu says that Infinity Air competes on innovation and business process. "Because of these processes," he says, "we perform the service in less time and have a strong reputation for reliability and technical support—that's the key to our international success."

For example, Infinity uses technology to manage customers' procurement and repair. "We constantly try to be imaginative in everything we do—to make the best products, deliver the best service."

Wu said he also relies on free trade agreements to give him a competitive edge, though they are not a substitute for creativity and innovation. While Korea has always been a good market for Infinity Air, it's getting even better now with the U.S.-Korea Free Trade Agreement.

"It put a spring in the step of our business there. Korea is a huge market for us, and with the trade agreement in place, the market just got a whole lot bigger. We've already seen a spike in sales, with new orders coming from the Korean government for maintenance on regional jets, helicopters,

and other aircraft—I wouldn't be surprised to see a 20 percent growth in our sales this year alone, due to the agreement. Prior to the trade agreement, servicing Korea's aviation market required payment of tariffs of up to 15 percent on parts—the customer would have to pay hundreds or thousands of additional dollars just to cover the tariffs. Now, the tariffs have either been removed or are in the process of being phased out, giving Infinity Air more leverage for competitive pricing."

But the FTA was not sufficient to grow the business. Wu turned to the U.S. government, specifically the U.S. Commercial Service, to help find the customers. In 2010 Infinity Air was looking to expand long-term partnership opportunities in Korea and sought counseling from the U.S. Commercial Service in Los Angeles and the U.S. Embassy in Korea. Wu attended a U.S. Commercial Service Aerospace business matchmaking program at the 2010 Singapore Air Show; he was introduced to several airline representatives in meetings prearranged by the U.S. Commercial Service. As a result, he signed a representative agreement with an airline and has greatly expanded Infinity Air's presence in Korea.

"There's no question it would have been much more difficult and time-consuming for us if we'd tried to make this connection on our own. We also got essential firsthand insights into the legal and financial aspects of doing business in Korea. With continued government help we're now making sales to aerospace operators in Turkey, Japan, Vietnam, Singapore, Indonesia, India, and Panama. Exporting has enabled us to buffer the ups and downs of a tough economy, and made us a better company by forcing us to face the reality of global competition. Since 2008 we've doubled our export sales, which shows what can be achieved with a good product and superior customer service."

Lessons Learned

Previously fearful of the threat posed to his business by Chinese competitors, Wu feels he has a more accurate view of what he's up against. "The

Chinese don't have the imagination piece. This may be a cultural thing that's very hard to change. We have that in this country. Some countries are good at copying things. They are content takers, not makers. As a result, the takers are hiring Americans to do the imagination part because we are content makers. Just look at Apple. No surprise that most Asian car manufacturers design the cars here. Freedom is an integral part of this, and the Chinese don't have it and probably won't for the foreseeable future."

Hard to say how long the foreseeable is, but Wu plans to keep innovating and not wait to find out. He believes that part of imagination is sustainability and that it should be considered in everything the company does. He says sustainability generates imagination when you are forced to look at the whole process, the whole life cycle, as Infinity does with everything it repairs and sells.

"It's not easy and takes time. We start by telling people that they are unconscious and unskilled, and that at the end of the process they will be conscious and skilled. And finally they will be unconscious and skilled. In other words, looking at things in new ways will become second nature; they won't have to think about doing that."

It may sound "very southern California," but Wu insists it works. "We're all doing it, including me. We think it works. When we say you are unconscious and unskilled, don't take it personally; it's not a criticism. The goal is unconscious and skilled. The goal is for insights to become second nature. It's a long process."

Lastly, Wu has learned to be optimistic about the future of manufacturing in the United States. "It has been more than 30 years since my parents overcame hardships in China to bring our family to the United States. Looking back, I'm so happy to have realized the dream of becoming an American and running an internationally successful business. In fact, I'm living the American Dream every day—and enjoying every second."