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OCBJ Poll

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Posted date: 7/30/2007

Minority-Owned Businesses: \$7B in 2006 Sales

By Jessica C. Lee

Orange County's 52 largest minority-owned businesses saw a surge to nearly \$7 billion in revenue last year, according to this week's Business Journal list.

No. 1 Fountain Valley-based Kingston Technology Co. led the gain, with a 23% rise to \$3.7 billion in 2006 sales. The maker of computer memory products made up 53% of revenue on the list.

Without Kingston, the 51 other companies saw a 7% gain to \$3.2 billion in sales last year.

A year ago, the 50 largest minority-owned companies here grew sales by 15% with Kingston and 6% without the company.

Some minority businesses owners have tempered outlooks for this year, citing more global competition and rising costs of labor, rent, insurance and fuel.

The companies added 220 local workers in the past year, a 2% gain to 9,133 people. No. 13 Santa Ana-based Express Manufacturing Inc., a contract electronics maker, led the hiring by adding 124 jobs.

The companies grew total jobs by 25% to 18,690 people, led by Kingston's nearly 1,300-person gain at its China factories.

Kingston, which buys memory chips and assembles them onto circuit boards or in cards for consumer electronics, faces a dramatically changed industry this year.

Prices for memory chips have fallen about 25% so far this year and are expected to keep falling. That squeezes Kingston and others as prices for its products also fall.

"The challenges to our business are pretty much the same from year to year," Kingston spokesman Mike Sager said. "Competitors are always at the top of the list. But there are also



Manu, Rika Shah, MS International warehouse \$187 million in 2006 sales

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component availability and prices, manufacturing and logistics to deal with.”

Kingston, owned and run by Chinese immigrants David Sun and John Tu, is looking for growth in Eastern Europe, Russia, Latin America and Asia, Sager said.

Our list includes OC-based companies that are majority owned by Hispanics, African-Americans, Asians and American Indians. In general, we follow federal guidelines, which exclude Arabs, Iranians, Ar-menians and others.

The list is among the more difficult to compile. All of the businesses are privately held. Revenue figures for 16 of them are Business Journal estimates.

Always a work in progress, this year’s list includes seven new entries. Five companies from last year’s list fell off after being acquired or missing this year’s \$8 million cutoff.

This year’s list includes ethnic supermarket chains, a swimsuit maker, a snack foods company, a nail salon operator and an advertising agency, among other businesses.

Hispanic-owned companies dominate this year’s list at 27, or half of the list.

Asian-owned companies are next at 20. Two companies are owned by both Asians and Hispanics. African-Americans own three companies.

Newcomers to the list include No. 6 MS International Inc. in Orange, No. 15 Aeronet Inc. of Irvine, No. 17 Westminster’s CB Technologies Inc., No. 22 Dr. Fresh Inc. in Buena Park, No. 30 Irvine-based Technology Development Center Inc., No. 32 Perfume Bay Inc. in Huntington Beach and No. 42 Mag Engineering & Manufacturing Co. of Irvine.

MS International, a distributor of natural stone to home improvement stores and builders, credited a good economy for a 50% rise to \$188 million in 2006 sales.

The company has 229 workers at its 20-acre Orange headquarters. MS International also has operations in New Jersey, Georgia, Texas, Massachusetts, Illinois and Arizona.

Rika and Manu Shah started the company in 1975 after coming from India in the 1960s.

The company buys stone directly from sources in India, China, Brazil, Turkey, Mexico and other countries.

The Shahs said they expect sales growth this year, even with the slumping housing and refinancing markets. They project \$240 million in 2007 sales.

“We’re always preparing for slow periods and we try to plan ahead so that we continue to grow when everyone else isn’t,” Manu Shah said.

Like others, MS International is struggling to find and retain workers, he said.

CB Technologies, which provides computers and services to Boeing Co. and NASA’s Jet Propulsion Laboratory, is in the same boat.

“It’s a constant battle finding workers and getting them to appreciate what they have and want to stay,” said Debra Torturo, who started the company with Kelly Ireland in 2001.

CB has 17 workers in OC and at a satellite office in Washington.

The company had \$46 million in sales last year, down 16% from the year before and was one of the bigger percentage declines on the list.

Other decliners included No. 31 Irvine-based Express Computer Systems, down 17% to \$20 million in 2006 revenue, and No. 34 Yorba Linda-based R.A. Duran Construction Corp., down 12% to \$15.8 million.

Companies also are dealing with higher costs for transporting goods and rising rents.

Puneet Nanda, founder of dental products maker Dr. Fresh, said fuel prices have increased shipping costs, making it harder to import goods from India and China.

“And you also have to factor in insurance and rent,” he said.

Dr. Fresh had \$35 million in sales last year, up 75% from a year earlier. It has 64 workers, up 7%.

Affordable warehouse space is hard to come by in OC, Nanda said. It’s made him consider moving the business to Nevada, he said.

“Ultimately I decided not to because the cost of air conditioning would’ve offset any of the savings,” he said. “Anyway, Orange County has a thriving business community that’s well connected to other major areas like Los Angeles and San Diego.”

Perfume Bay, which sells perfume and cosmetics online, recently outgrew its 20,000-square-foot warehouse and plans to move into a larger space this year, President Jacquelyn Tran said.

Last year, Perfume Bay had \$17 million in sales, up 31% from the year before. Tran credits the company’s growth to the popularity of online shopping and growing demand for cosmetics.

“So far, 2007 has been an exciting year for Perfume Bay,” she said.



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