

FUEL TECH *emissions control*

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'RAPID GROWTH'

Research and development and a talented work force are fueling growth for Illinois-based Fuel Tech in the pollution control market. —KIRSTEN SRINIVASAN

FUEL TECH'S SMALL SIZE AND BIG FINANCIAL success make it unusual in the emissions control industry, President and CEO John Norris asserts. "We are a relatively small, high-tech technology firm that provides technology to help customers remove and reduce air pollution and help them reduce slag formation and corrosion in their boilers," he notes. "For a relatively small company that's a technology firm, we have significant profits and are generating a good bit of cash. What's unique is usually small firms need cash and it takes them a while to generate profits and cash flow. Our stock is up almost 300 percent over the last year."

The \$52 million company is traded on NASDAQ. On May 10, 2005, its stock sold at \$5.95 compared to \$17.43 on May 10, 2006, Norris notes.

Fuel Tech's systems and products are used in 18 countries, and it has offices in Batavia, Ill., Stamford, Conn., and Milan, Italy. The company's specialty chemical segment, Fuel Chem,

provides injections of patented chemicals to reduce boiler problems and pollution. "Clients have documented a better than three-to-one savings when they use us for every dollar they spend," Norris states. "It's a pretty good return on investment for our services."

This part of the company's business provides a repeat, ongoing revenue stream because clients pay for services on a dollar-per-pound-of-chemicals basis, he notes.

In addition, Fuel Tech has a strong capital projects business, he notes. The company provides nitrogen oxide (NOx) reduction systems for utilities, industrial companies and municipalities, and offers boiler fireside and fuel-treatment programs. Tighter environmental regulations have boosted demand, Norris explains.

"NOx is an air pollutant and one of the principal causes of smog in ▷

PROFILE

Fuel Tech
www.fuel-tech.com
2005 sales: \$52 million (parent company)
Headquarters: Batavia, Ill.
Employees: 110
Service: Pollution control
John Norris, president and CEO: "It's employees who really make the difference."



▷ cities," he explains. "There have been a number of EPA rules starting with the State Implementation Plan Call back in the '90s that called for dramatic reduction in NOx emissions from power plants and other major emitters, and we have some technologies called NOx OUT SNCRs [selective non-catalytic reduction], that can provide very cost-effective reductions of NOx emissions, [for example]."

Despite a greater awareness in the marketplace, Norris says, R&D and a talented staff are the main drivers of growth. "We have a number of patented technologies that are much needed right now," Norris says. He says this is especially the case in the power, industrial and municipal markets.

"And we have a group of really high-tech employees," he adds. "It's employees who really make the difference. Their technical expertise is our real key to success."

The company is dedicated to R&D, Norris emphasizes. "We have a whole separate group of our best and brightest totally focused on bringing new technology germane to our business to the market," he states. "As clients identify to us needs they have, we go and see if we can develop solutions for those problems. We have a number of those in the pipeline right now.

"People make all the difference," he adds. "Some of our technologies really hinge on the ability of our people who have developed very sophisticated engineering computer codes that can model a boiler and exactly predict and precision [locate] our injection points to achieve maximum results. It's special and unique in our industry and the secret to our success. So, attracting people to a company like ours involves offering an envi-

ronment where they feel they can contribute to something significant, and creating a team environment that when we are winning, everybody is winning, and we are all in it together. We are working hard to do that."

Incentive compensation plans and stock options help generate this culture, but the company's open method of operation also allows employees to feel they can contribute, he says. "There are defined roles and responsibilities for people, but within that we don't try to micromanage our folks," he states. "This is a professional team that doesn't punch in a clock when they come in the door, and folks don't micromanage what they do and how they do it."

Norris says he was attracted to the company's entrepreneurial culture. He was elected president and CEO Feb. 28 and brings extensive industry experience to Fuel Tech. Norris graduated from North Carolina State University with a B.S. in nuclear engineering in 1971. He served in the U.S. Air Force 10 years before joining Duke Energy, where he became president of subsidiary Duke Engineering and Services in 1989. "When I joined, it had 42 people and \$7.5 million in revenues," he recounts. "Seven years later, it had 3,000 employees and over \$400 million in revenue – all very profitable, and we really didn't do much work for Duke. It was driven by outside contracts. I've been around entrepreneurial, high-growth areas and enjoy that."

Norris became CEO and chairman of Duke Global Asset Group and senior vice president of the corporation. He left Duke in 1999 to become president and COO of American Shipping Group and then senior vice president of operations and technical services for American Electric Power, an operator of power plants nationwide. "I had been working as a consultant in the industry for a couple years and did consulting work for Fuel Tech when the board asked me to become the new president and CEO," he says. "I remembered my days at Duke Engineering and how much fun we had building a high-performance, high-growth team. I felt it would be fun to do again. In many ways, Fuel Tech reminds me of that sort of company."

His industry experience has already opened up some new opportunities for Fuel Tech. "One of the challenges for a company our size in providing very high-tech solutions to major utilities is getting your products and services accepted by them," Norris notes. "Very few utilities want to be first to try some injection chemical into a plant that is a billion-dollar investment by the utility or more. They are not going to go putting something into that plant that they are not real sure what the effects are going to be. To a certain extent, my experience as a utility executive provides some credibility for the company. I get people to open those doors and do trials. Once they use those services, they are very, very pleased."

As for the future, Norris says his goal is for Fuel Tech to become a much larger company with high revenues and profits. "To achieve rapid growth, you have to have products or services that customers want or need – we have those. And the other part is you have to have really good people who are working together as a team, who are looking out for each other and who can see a vision of growing into a pretty significant company that they would like to stay with their whole careers," he says. "I think we have that at Fuel Tech." ■