

# The Mechanical Insulation Industry: A Global Perspective

Caitlyn Freitas

*Caitlyn Freitas is the Associate Editor for NIA. Her responsibilities include curating, editing, and writing content for Insulation Outlook; working on marketing and outreach pieces; and editing all NIA publications. She can be reached at [cfreitas@insulation.org](mailto:cfreitas@insulation.org).*

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The National Insulation Association (NIA) recently concluded its 61<sup>st</sup> Annual Convention/WIACO in Boca Raton, Florida. During this Convention, NIA hosted the World Insulation and Acoustic Congress Organization (WIACO) meeting, where international members of the European Federation of Associations of Insulation Contractors (FESI) and other international insulation industry professionals join members of NIA to learn, network, and discuss the current state of the insulation industry. In 2 of the Convention's educational sessions, top CEOs and executives from many of the world's largest manufacturing companies participated in panel discussions about the most pressing issues in the insulation manufacturing industry. The panel was moderated by NIA Past President Ron King and was split into 2 sessions over 2 days. Following are some of the insights from the 9 industry leaders on the opportunities and challenges the insulation industry will face in the coming years.

One common thread in both panels was the demand for green building and energy-efficient projects. Ted Berglund, President and CEO of Dyplast Products, LLC, commented, "I think the greatest opportunity we have is in the energy area. Insulation is the easiest way and the most effective way... of saving energy, whether it be homes, plants, [or] pipelines." Similarly, Dr. Pawat Vitoorapakorn, CEO and Vice Chairman of Eastern Polymer Group, Aeroflex USA, Inc. (subsidiary of Eastern Polymer Group), affirmed that "Us[ing] less energy, less carbon dioxide emissions... is very important for

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our future.” Internationally, energy consumption is increasing as developing nations grow, making conservation all the more important.

Jens Birgersson, President and CEO of ROCKWOOL Group, agreed that in the international community particularly, there are collective efforts to reduce carbon dioxide emissions, citing the 2015 United Nations Climate Change Conference, in which several countries agreed to try to limit temperature increases to 1.5°C by lessening emissions. Birgersson said, “I think as an industry we obviously have a really big role to play there but over the years having seen this type of political agreement at the end, at least my observation and my conclusion as part of a company in this field, [is] that it would be naïve to believe they will do it for us. I believe we need to do the work to get the insulation in—the mechanical insulation in—and contribute. And it’s up to us.” Of course, there is a great deal of competition in the energy-efficiency market. Mike Thaman, Chairman of the Board and CEO for Owens Corning, commented that we should not try to compete or be against renewable forms of energy like wind or solar, but rather, to frame the conversation around using the most efficient options. Wind and solar and much more capital-intensive solutions to efficiency, and do not always offer equal value as less expensive options like mechanical insulation.

Fabio Staffolani, Vice President, Sales—Commercial & Industrial of Knauf Insulation, agreed that the ultimate goal of the industry should be to make sure that policy makers embrace the idea of energy conservation and efficiency. Perhaps one of the biggest challenges the industry faces is the lack of awareness about mechanical insulation. Berglund commented, “There is a lack of concern about mechanical insulation, a lack of awareness... and we need to promote it better as an organization, as individual companies.” Birgersson, who has also worked in the Engineering, Procurement, and Construction (EPC) field, said that mechanical insulation rarely came up during his time working in EPC. It was only after a contractor demonstrated—using an infrared camera—the heat loss in a plant and explained the money savings that would be possible, that the plant elected to upgrade the insulation. Once the insulation had been upgraded, the company was so impressed by the savings they ended up doing similar upgrades throughout multiple plants and saved millions of dollars. Making the financial case for insulation can often be the key to ensuring its use in more industries. Fred Stephan, Senior Vice President and General Manager of Insulation Systems for Johns Manville, said, “Trying to frame up the dialogue in financial terms is the best opportunity that we have. And one of the things that we’ve worked very hard at... is to educate our sales force on the true financial

costs of under-insulating or not maintaining certain operations and then provide that in a very simple financial format that our sales team can then take to the maintenance person or CFO as appropriate to educate that company.”

Of course, a current factor with the potential to negatively affect the insulation industry is low energy prices. The low price of oil and other energy sources means that there may be less urgency to conserve energy. However, opportunities still abound for insulation, such as in the liquefied natural gas (LNG) sector, where many new plants are being constructed. Moreover, electricity prices in the United States remain high, meaning there will be a desire to save energy and water. Code adoption has a large role to play in the energy-efficiency discussion. Ultimately, codes have the largest impact on insulation used within buildings. Marta Brozzi, President and CEO, DUNA-Group, noted that Europe has stricter codes, with thicker insulation required for many applications. The answer for the United States may lie in the industry getting more involved in the code process, since it has the expertise needed to write effective codes. On the residential side, there has been some success with the federal government offering funds for states if they adopt energy codes. Thaman also affirms that on the residential side, pushing codes in new residential construction pushes existing homes to get more energy efficient—so that may hold an opportunity to do something similar on the commercial or industrial side.

Many of the panelists see retrofitting as holding one of the biggest opportunities for the industry. Staffolani suggested that perhaps energy service companies (ESCOs) could finance retrofits up front and then be paid by the savings the owner is achieving over time. In Europe particularly, where many buildings are older and not energy efficient, there may be a trend toward renovating rather than building.

A common theme throughout the panels was the concern about the availability of skilled labor, with multiple panelists commenting on the difficulty of finding qualified people due to retirement and people otherwise leaving the industry. There was agreement that there needs to be an industry effort to get mechanical insulation into curricula, as well as a more general attempt to make younger people aware of the benefits of a trades career. One potential angle to attract Millennials is to appeal to their sense of environmental responsibility. Thaman pointed out, “The politics of our business is something we have to get more comfortable talking about, because Millennials are political and that gets their attention. If we are too scared to discuss the issues of the day, they won’t be interested in us.” Overall, the panel agreed that more effort needs to go into finding the

best tools to reach out to new labor—and that associations like NIA can play a role in defining how best to reach younger generations.

Another development the industry has seen is the rise of multicraft contracting, where 1 contractor is performing all aspects of a project. The issue with this is that they may not know how to install insulation properly, which can cause performance issues. Brozzi pointed out, “The best product which is applied improperly... it doesn’t bring the solution to the end user.” One suggestion to deal with the issue of multicraft contracting is to manufacture products that are easier to install, which can lessen the chance of performance issues due to improper installation. There is also a trend in the industry toward prefabrication, which may play a larger role in the future.

Overall, the panelists expect slow, but sustained growth for the insulation industry. While there are challenges, overall, the panelists are optimistic. Staffolani commented, “Manufacturing insulation is not just producing something and selling something, it’s the business of the future.” While low energy prices may present a slight slowdown, prices are cyclical, and anything that can add value—such as insulation—will remain critically important. Sustainability, emission reduction, and energy conservation are all going to continue to be prominent issues, and the insulation industry has a big role to play there. Patrick Mathieu, President and CEO of Armcell, affirmed that if the industry can continue to educate end users on the benefits of insulation, then there is every possibility that insulation could be “the next big revolution for the next 10 years.” Similarly, Donald (Don) Young, President and CEO of Aspen Aerogels, Inc., sees the current moment as “a time of innovation and value creation for our industry. We believe the desire by end users to conserve energy and to save money and to meet new policies and shifting regulations is driving this innovation.” Ultimately, the combined value of energy and financial savings, personnel protection, and optimizing and protecting system operations means insulation will continue to play an increasingly important role in the residential, industrial, and commercial sectors.

## SIDEBAR

### VIP Panelists:

Thursday, April 21

**Ted Berglund**, President and CEO, Dyplast Products, LLC

**Marta Brozzi**, President and CEO, DUNA-Group

**Patrick Mathieu**, President and CEO, Armacell

**Dr. Pawat Vitoorapakorn, CEO and Vice Chairman**, Eastern Polymer Group,  
Aeroflex USA, Inc. (subsidiary of Eastern Polymer Group)

**Donald (Don) Young**, President and CEO, Aspen Aerogels, Inc.

### Friday, April 22

**Jens Birgersson**, President and CEO, ROCKWOOL Group

**Fabio Staffolani**, Vice President, Sales, C & I, Knauf Insulation, Inc.

**Fred Stephan**, Senior Vice President and General Manager of Insulation  
Systems, Johns Manville

**Mike Thaman**, Chairman of the Board and CEO, Owens Corning

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12100 Sunset Hills Rd., Ste. 330 | Reston, VA 20190

Phone: 703-464-6422 | Fax: 703-464-5896

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