

Small BUSINESS STRATEGIES

Father, son team grow Vista Solar from longtime chip maker

BY JON XAVIER

SANTA CLARA – Patrick Callinan and his company, Silicon Valley Microelectronics Inc., had done one thing for more than 20 years — selling the silicon wafers to make computer chips and solar panels — when they noticed a trend.

By 2008, the solar industry accounted for an increasing amount of their business. So Patrick and his son, Jaymes, decided to try something new.

Four years later, the solar installation company they founded together, Vista Solar, is the fastest-growing division of its parent company, Silicon Valley Microelectronics. Vista Solar now accounts for 10 percent of SVM's \$80 million in annual revenue.

This year, the Callinans hope to install their first 1 megawatt project, enough to power up to 300 typical U.S. households, an accomplishment that will place them in "the big leagues" of contractors that handle public utility-sized solar installations.

But that success hides the hard work it took to get there, said CEO Patrick Callinan.

Vista Solar launched just before the housing market collapsed in 2008, meaning the company faced an uphill struggle in its infancy, trying to sell solar during the worst recession in 75 years. The senior Callinan said there were many discussions about whether they should continue Vista Solar.

"Thank God we did. Because it worked. We made it through," he said.

Gaining traction

Faced with an uncertain market, Jaymes Callinan, the company's operations chief, said Vista Solar had to build its business customer by customer. Each project led to the next via word of mouth. With steady growth and a resume of successful installations, the company had more room to be ambitious.

In 2009 Vista transitioned away from the small-scale residential solar projects that had been its original target into larger and more profitable commercial installations. Now all of its business is commercial, something that fits better with the company's DNA, Jaymes Callinan said.

"We were doing very well with residential, but when you get down to it, we're a very commercial company. We're used to a business environment. You know, sitting down with the CFO, in the big conference room, with the whole entourage, talking about cash flows and things like that," he said. "If you look at our numbers, the company is really growing by leaps and bounds now because we made that decision. It paid off."

That approach has been helped significantly by the fact that solar is looking like a better investment than ever, said Patrick Callinan. Prices for solar modules dropped rapidly in the four years since the company



VISTA SOLAR INC.
Headquarters: Santa Clara
CEO: Patrick Callinan
Revenue: \$8 million
Founded: 2008
Employees: 20
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TIME IS RIGHT: Patrick Callinan, left, and his son, Jaymes, started Vista Solar aimed at the home market in 2008, but have successfully shifted to commercial.

VICKI THOMPSON

entered the market. Solar now costs less than \$1 per kilowatt, meaning that the average installation pays for itself in energy savings within five years. Each installation is guaranteed for 25 years, meaning an average 15 to 20 percent yearly return on investment for at least 20 years, Patrick Callinan said. Lower prices have accelerated the solar market's annual growth of about 140 percent, he said.

"The drop in module prices has been faster and deeper than anyone could have envisioned even one year ago," he said. "So one of the things that is great about that is the financial dynamics for doing commercial solar are better than they've ever been before, and probably as good as they're ever going to get."

Price was important for Airdrome Orchards Inc., which contracted with Vista to install a 300-kilowatt rooftop solar system at its San Jose citrus fruit packing plant. John Fumia Jr., co-owner, said the company looked into installing a solar system for several years, but the numbers didn't work until recently. But it was Vista's professionalism that convinced him they were

the ones for the project, which finished in December.

"They were impressive from the start, and I didn't feel I had to go out and talk to six other solar installers to find out who was going to be the best," he said. "They were very forthright about everything throughout the whole process. There was never any question in our mind about what was going on."

Susan Karl, president of the Annabelle Candy Co., said she had a similar experience with Vista. She hired the company to install rooftop solar for her candy factory in Hayward, which makes Abba-Zaba and Rocky Road and U-NO bars. She made the decision to go solar based on government rebates which expired at the end of the year. Once she decided to go with Vista, the company was able to complete the installation in a couple months with minimal disruption to her business.

"They were wonderful to work with. I'd definitely hire them again if I had another factory to install solar on," she said.

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