



INDUSTRY ROUNDTABLE

Sponsored by — [**HodgsonRuss** ATTORNEYS LLP]

Supported by — [Trust earned **FreedMaxick**]

Manufacturing is alive and thriving

CEOS SAY BUSINESS IS GREAT BUT CHALLENGE IS FINDING GOOD WORKERS



JIM COURTNEY

The CEOs of area plants want to override the image of manufacturing as a steelmaking plant. Today's manufacturing employee needs computer skills and needs to be encouraged and engaged in the future success of a company.

BY DAVID BERTOLA
dbertola@bizjournals.com
716-541-1621, @BfloBizDBertola

Area manufacturers are keeping a close eye on SolarCity Corp., which plans to hire 1,500 for the Buffalo plant. That's because they may lose staff to the solar panel manufacturer, which is reported to be paying top dollar to new employees.

With 34 percent of the market, SolarCity of San Mateo, Calif., is the largest U.S. installer of solar panels. When the Buffalo plant is com-

pleted, perhaps later this year, the 1 million square-foot facility will run three manufacturing shifts.

At a July 16 roundtable, manufacturing CEOs talked about the difficulty of finding qualified workers. Dresser Rand Co. general manager John Stahley said SolarCity's presence is exciting but will pose a challenge.

"It's just going to be another large entity competing for that same smaller pool (of qualified employees) so it's going to make things tough," said Stahley, who oversees Dresser's plant in Olean.

James Lines, president and CEO of Graham Corp., a Batavia vacuum and heat transfer equipment manufacturer, predicted SolarCity's presence will be positive. He reminded those at the table that job security, wage continuity and a work environment where staff can thrive are factors that retain employees.

"What can we do as leaders of our businesses to combat the concern of flight risk and retention?" he asked. "We can think about our work force environment. I don't think this is a wage issue; it's about engagement,

about creating a work environment where the employee is empowered as part of something larger than themselves, part of a team."

Lines said when employees enjoy coming to work every day, they become emotionally committed.

"Pay is always going to be a component, but it's not always No. 1," he said. "I would encourage all of us to think about how to retain what we have first, and I believe that centers around environment, engagement, having them be part of a solution and solving our business problems."

► BY THE NUMBERS

1,500

Number of employees SolarCity Corp. is expected to hire. Company officials say 3,000 will work there by 2020.

\$1.5B

Development price of the SolarCity project, jointly financed from public and private-sector funding sources.

350

Area companies listened June 18 to SolarCity explain how to become part of the company's supply chain.

34

Percent of the U.S. residential solar installation market for SolarCity.
GTM RESEARCH

INDUSTRY ROUNDTABLE

► What challenges are you facing?



TERRY GALANIS JR.
CEO, Sealing Devices Inc.

We sell and fabricate all kinds of seals and gaskets for industrial applications and military aerospace applications. We have about 180 people and

we'll do about \$59 million in sales. The challenges are always dealing with health care and government. But I think we're really doing pretty well. We're always hiring new people and that's a challenge for all of us.

MICHAEL MURTAGH

Vice president, worldwide technology, Unifrax

We produce high temperature insulation products for automotive industry, industrial furnace applications, blast microfine fiber for batteries – anywhere you need high temperature insulation, high

► CLOSER LOOK AT THE ROUNDTABLE

The Manufacturing Roundtable is the 23rd in a two-year series of discussions with Western New York business leaders.

Each month, decision makers from diverse industries meet for a discussion moderated by Business First.

Excerpts from the conversation are published two weeks after the roundtable.

Upcoming topics include fast-growing companies.

Roundtable discussions, sponsored by Hodgson Russ LLP and Freed Maxick CPAs, are held at the law firm's Pearl Street offices in Buffalo.

temperature fiber, that's what we produce. We have a program called World Cost Manufacturing, which is to optimize all our capacity, utilization of our assets and costs and performance in our plants. We have about 27 manufacturing sites globally and we've done a number of acquisitions over the last eight or nine years and acquired smaller companies. Integrating those different cultures and plant mentalities with all the different types of processes we have, it's been a big challenge.

ADAM PRATT

President, Sherex Fastening Solutions

Sherex is a manufacturer of engineered fasteners for the automotive industry, truck and trailer, solar, agriculture, construction equipment, and then the catch all, general industry. We have four facilities around the world

– in Taiwan and in Ohio along with the distribution facility in Mexico and headquartered here in Buffalo. My biggest issue is staffing.

JOHN STAHLEY

General manager, Dresser Rand Co.

We have three factories in the Southern Tier – Olean, Wellsville and Painted Post outside of Corning. Dresser Rand is about a \$3 billion company. We serve primarily the oil and gas market. We manufacture rotating equipment, centrifugal compressors, reciprocating compressors and steam turbines for the oil and gas industry. We're the largest employer in Cattaraugus and Allegany counties, with about 2,500 people in three factories. I've been with the company 25 years and the general manager for the last four and a half. Biggest challenge we have today is the market environment, so we're

very much tied to the price of oil, which has come down significantly in the last nine to 12 months. And it's putting a lot of cost pressures on the marketplace, so we're intensely focused on cost issues at the moment.



JAMES LINES
President & CEO, Graham Corp.

Graham's located in Batavia, been in business and situated there for 80 years. Last year we did \$135 million of revenue. Our principal markets are like John's – oil and

gas, the petrol chemical industries, that's about 60 percent of our revenue. We also serve Navy and nuclear power markets. We have a workforce locally of about 325 people. The biggest challenge that I would say we face, just as John indicated, we serve the energy sector which inherently is cyclical. We're going through a cyclical downturn right now where revenue will decline roughly 20 to 30 percent. So dealing with managing growth force, managing top line, generating profitability.



PARTNERS IN PROGRESS

As legal counsel to major stakeholders in the high-profile projects driving the city's economic vitality, we are honored to help lay the foundation for Buffalo-Niagara's resurgence.

To learn more about our commitment to our clients and community, visit us at HODGSONRUSS.COM.



INDUSTRY ROUNDTABLE

ROBERT WOEPPEL

Senior vice president of operations and administration, Rosina Food Products Inc.

Rosina is about a \$35 million dollar food manufacturer, a family-owned company. We're a second generation of family ownership. Two facilities are in Western New York in Cheektowaga and West Seneca with about 475 associates on our payroll. The biggest challenge for us and me, personally, is balancing production needs against sales demand against inventory levels. A huge challenge in the food business is the price of commodities. Two to three years ago, beef was the culprit. Last year, pork prices went through the roof because of different things that happened in the market. This year it's the chicken virus, and egg costs have gone through the roof.

BOB PALKA

President, Jacobs Ladder LLC

We manufacture three pieces of fitness equipment in the Wurlitzer Building in North Tonawanda. We sell primarily to health clubs, universities, the military. We are, I think, the smallest manufacturer here. We're in the \$4 million to \$5 million range of 19, 20 people, building everything up at the Wurlitzer Plant. Been in business now for about 12 years. My biggest challenge? Creating value for our customer. So everyday, whether it's today or tomorrow or next week, is how do I create more value for that customer, how do I move that needle?



CHRISTOPHER MCGRATH

Vice president, chief strategy officer, ITT Endine Inc.

I am the strategy and mergers and acquisition leader for one of ITT's four reporting segments. ITT has a market

capital of about \$4 billion and we're truly a global multi-industry manufacturing company. We were at one time one of the largest companies in the world, always sort of built through acquisitions. Today we're much smaller than we were and that's by design because the conglomerate model has gone out of fashion. But we're much more focused, now a true kind of industrial company. We make a diverse array of products across the globe. We make brake pads, industrial pumps, electrical connectors and then aerospace components. The business that I'm a part of is co-located. It's in Orchard Park and Valencia, California and Southern California and we make components for aircraft. Here in Orchard Park, a business that we acquired in 2007, it's called Enidine.

We employ about 300 people in Orchard Park. For us locally, the challenge is the talent, staffing. We have quite a few openings right now in Orchard Park critical roles.

BARRETT PRICE

CEO, Bear Metal Works

I'm a small job shop manufacturer. I'm a tier supplier to the bigger people such as Dresser Rand or ITT or Graham here. We do about \$5 million in sales a year and I've had a great growth year last year by expanding into a second facility for a total of 35,000 square feet. We are a manufacturer of metal. We punch it, bend it, shear it, roll it, weld it. We're secondary operations. A lot of polishing. The economy this year has changed in the oil industry and I was very tied in heavily to that. That started my growth, but I've switched into the stainless steel market, which has allowed me to go into food service and nuclear industries. This diversification has kept me afloat. We do need more manufacturing in this town. My big dilemma is justifying a slowdown in the economy to make the investment in more capital equipment to do things faster. The workforce is difficult and the training's not there yet, but I think it will come around. There are enough people available, but they've got to be trained in our industries. I'm always optimistic. I hope there's going to be a trickle down from Solar City, but there's a lot of people competing for that and the price will be driven down for any commodity based on that.

JEFF WATSON

President, Watson Steel Products

We're a small Buffalo area machine shop, specializing in primarily large machine plates used in the bridge construction industry involved with seismic isolation for earthquakes. We also do thermal expansion-contraction of buildings, parking structures, ramps, and anywhere where you're going to have the earth moving, shaking, growing and changing due to temperature. We've even had buildings that were noisy because they rubbed together, so we had to build bearings to quiet that down. Business is very steady. We work with a very dedicated group of customers and customer loyalty is extremely high. We've been working with the same people for 15 or 16 years. Our biggest issue is the workforce, the availability of people. I could double my workforce if I could find the people. I have the equipment. I have the work. I have the facility. I can never find the right people and I refuse to work with the wrong people.



KEVIN CALVELLO

President, Buffalo Niagara Manufacturing Alliance

My day job is a vice president and co-owner of B&W Heat Treating in Tonawanda. We are a commercial heat treating,

sand blasting company, ISO certified. We are definitely the smallest company in this group. We do about a million and a half in sales. It's very, very lean. I have five guys in the shop and an administrative assistant. I'm proud to say my father is a co-owner with me, and my two foremen have all been there 40 years this year. We started in 1948 and are an end line service of the manufacturing industry. So we don't make anything, it's all customer product. Many of you are customers of mine directly or indirectly through your suppliers. But today I'm mainly here as president of the Buffalo Niagara Manufacturing Alliance. It's an all volunteer board. About three or four years ago we were a 40 member group and now we are over 130 members in the Buffalo area mainly. We have some in the Rochester area and the Southern Tier.

► What challenges exist for hiring?

BARRETT PRICE

Bear Metal Works

People have to learn to work with their hands. There are computers, but blueprint reading are key things that young kids do not understand. And until they're taught these things, we don't have time to train them in a small business. A larger company can have them shadow somebody. That's our problem. And if they want to work, show up everyday and show some enthusiasm, then you'll see that shining star and spend a little more time with them.

JOHN STAHLEY

Dresser Rand Co.

It's welders, machinists, pipefitters, assemblers. About two years ago, we hired about 150 people in those skilled craft areas, and it was extremely difficult to find the talent. Very few of the people we hired were ready to go



Day One. We needed to do a lot of training internally, which comes at a significant cost to us when you're trying to train 150 people. There's an organization called Dream It Do It Western New York. Dresser Rand has taken an active role in supporting that organization. The mission is to expose the younger generation to manufacturing, change some of the paradigms around manufacturing with the younger generation. It's not a filthy, dirty career. It's actually you've got to use your brain, a lot of trig, a lot of geometry.

KEVIN CALVELLO

Buffalo Niagara Manufacturing Alliance

That's the No. 1 thing, that's the headline of any discussion – the lack of skilled workforce. Dream It Do It has done the research, they know that 17,000 jobs are going to be available by 2020 in manufacturing due to the aging workforce and retirements.

BOB PALKA

Jacobs Ladder LLC

Manufacturing, especially Buffalo and the Rust Belt, has got this Bethlehem Steel type view in their mind, dirty, dusty, grimy. And then when you get into a manufacturing plant, a well-run manufacturing plant, you find out that there's a focus on variation reduction and waste elimination. Right now we're bringing people in through a temp service. If we like them, we'll keep them. If we don't, we won't. My hit rate's about 25 percent, so I'll keep about one in four and send three away, which is really not a great average.



JAMES LINES

Graham Corp.

We had a very clear challenge about five years ago. The impediment to growth was going to be personnel. We added over 40 percent to our workforce in the office and plants and we did that roughly 10 percent of the year. That was how we could bring employees in, train them, and admit them without affecting our day jobs. We elected to rebrand Graham as an employer of choice to the community. Manufacturing is vibrant. Manufacturing is important. Manufacturing has well paying jobs. Manufacturing provides security and we had to get into the community and rebrand our business, what we do, not as old dirty work, but as pretty jazzy, pretty sexy, innovative things. We rebranded our business as a very solid employer, great jobs,

INDUSTRY ROUNDTABLE

great pay packages. A direct laborer, a production worker for us last year made somewhere between \$50,000 and \$65,000 including overtime and on top of that had an 8 to 12 percent bonus. We've had 3 percent wage increases every year the last 10 years that I've been in my role. The downturn of the mid '90s, the way we elected to handle that is we did it by massive workforce reduction. And we took all this talent out of our business in the mid '90s and we lost a decade of work. Individuals who would have been here 35 to 45 years today are gone. So we have to close that gap.

► Is this unique to Western New York?

ROBERT WOEPPEL

Rosina Food Products Inc.

No, it's really not. We at Rosina were looking for a manufacturing partner in central Wisconsin and the company was very interested in doing business with us. We were willing to invest several hundred thousand dollars in specialized equipment that we required. The conversations were going very well and then a couple of weeks ago they called and said we can't do it because we can't keep our staff. Another company down the road was paying higher wages and that sort of thing. So interestingly enough, they are participating in a federal program, and I don't know very much about it, but apparently going to bring 50 Chinese nationals into that community. They said give us six months and we'll get these people in and trained and then we'll be able to accommodate your business. I was blown away by that. I had never heard of the program.

BARRETT PRICE

Bear Metal Works

Efrain Martinez from the Charter School for Applied Technologies is teaching pre-high schoolers at this day and age technology programs. And what they've taught me is they're trying to get the 8th grade student interested in touring fab shops, seeing sparks fly, seeing machine centers turn and CNC controls. That gravitates kids to take their high school curriculum towards that field. That's what he's creating at the 8th grade level. They've got a weld shop, a 3D printer and a machining center, all donated by local business.

► You're running efficient companies, you have employees and customers to take care of. How do you break away and do some of that training unless it's through a Dream It Do It?



JEFF WATSON

Watson Steel Products

I know that there are programs that you can apply for and get help with doing ISO training or other certifications and also they'll come in and work with you. It ends up costing the small manufacturer money out of his pocket. Bigger companies don't need it, the smaller companies can't afford it. And that's one of my gripes with economic development organizations. The question here is, are you getting the support you need? No, I don't believe we are, not on my level anyways. When you get to 60 employees which is not where I am, you know, you tend to get more attention from development organizations like those. But when you're at this size, you really have to make it on your own until you get to that point. And then their programs sometimes are so heavy on the paperwork and for so little benefit. I look at some of these things and say well, geez, do I want to spend a couple of days applying for this thing that will probably save me \$1,000 or do I really want to take those couple of days and run my business? The benefit versus how much time and energy you have to put into some of these programs. For small manufacturers, it isn't always a real great plan. I want to comment on what Robert said about the Chinese nationals – not a huge surprise. We're looking strongly at anybody we can possibly bring in and train, desperate for workers. 50 percent of my workforce does not speak English. 50 percent. Fortunately I've learned a little Spanish, a little French and a little Swahili, and I'm not kidding. 50 percent. The other 50 percent just doesn't listen.

► The governor recently flew into town to announce a \$44 million investment in a training center on the East Side. Were any of you consulted about needs for the training center?



ADAM PRATT

Sherex Fastening Solutions

The training center was the culmination of many years of input from local manufacturers. You've had several decades of narrative on the globalization

of manufacturing, meaning manufacturing is leaving New York. And we definitely saw many examples of that. So I think this narrative is don't go into manufacturing because you don't have a long sustaining future if you do. And so when we were looking at the consolidated funding application process to expand from the Southern Tier to Erie and Niagara counties, one issue that we had was if you're in manufacturing, if you grew up in manufacturing, you're already drinking the Kool-aid. You know what's going on and you're part of that. So having a job in manufacturing isn't scary for you. But if you're not exposed to that, how do you tell a parent that it's OK for your kid to go into this field when they've heard nothing but 30, 40 years of manufacturing leaving? So that was a major issue when we got started in Erie and Niagara counties. I think if we can solve this issue, that this is our competitive advantage globally because it's a global issue. In our Taiwan facility, 20 percent of our workforce come from the Philippines. We bring them in because in Taiwan, the kids are competing against the electronics industry. We have to look at how we stack against other industries. What is our long-term employment for kids? That's the compelling story.

MICHAEL MURTAGH

Unifrax

We're doing tube line expansions, that will probably bring in another \$40 million of investment to the area of Tonawanda in our plants. The guys we have today are 30-, 35-year guys who grew up in manufacturing. They love it. They want to do it everyday. In the past, it used to be a lot of these guys were just happy doing what they're doing. They were invested in that company. You're not going to find guys who want to be in one job, one place, one role for 30 years. That's become a different set of expectations for bringing new people in. We want to be proactive. We want to be actively problem solve on the lines and in their jobs vs. what they historically might have done. So that gets to do we have the right training, do we have the right skill sets?

TERRY GALANIS JR.

Sealing Devices Inc.

It's all about creating an opportunity for people to stay with you and grow. We're very fortunate, we have very low turnover. And at our size, we hire maybe 10 people a year. But we take our time to hire and train. We basically have to train everybody we want; we can't rely on other sources of training. And so you can pick good

**PASSION SHARED.
SUPPORT DELIVERED.**
Trust earned.

Michelle Sullivan, Director
Freed Maxick CPAs

Maureen Lehsten, CFO
Hospice Buffalo

Why do Maureen Lehsten and Hospice Buffalo trust Freed Maxick CPAs? As experts in health care, non-profit and tax accounting, Freed understands the complexity of Hospice Buffalo's needs. Freed Maxick has helped Hospice Buffalo adapt and grow to better serve the community — and that's healthy for everyone.

Trust earned
FreedMaxick

WATCH MAUREEN LEHSTEN
TALK TRUST AT FREEDMAXICK.COM.

716.847.2651
Buffalo Batavia Rochester Syracuse

INDUSTRY ROUNDTABLE

people and have good skills, general skills and target them for certain operations. And they like the fact that if you keep investing in new equipment, there's more opportunity for the blue collar workforce to create better opportunities. Every time we take a new piece of equipment, it's always electronically controlled or it's streamlining the operation. As long as we keep investing and growing with fewer people, there will be more opportunity for profit sharing and continual raises. Sometimes you have to wait to get the right people. We've gotten to the point where we just can't hire a body. We've got to have somebody who's going to absolutely challenge us in growing the company.



BARRETT PRICE

Bear Metal Works

The steel industry is what left this town. Manufacturing is still here. Dresser Rand, Graham, IIT, Carborundum – these are long established companies.

Manufacturing was always here, it didn't leave. The steel industry did. And we've got to teach the parents of these kids to not have that long memory of that steel mill, dark and dirty.

► What's the expected impact of Solar City?

ROBERT WOEPPPEL

Rosina Food Products Inc.

Certainly there's a concern. I mean, we're a food manufacturer, so our average wage is relatively low as I would imagine compared to other people here at the table. So we're a little bit concerned about maybe losing some of our associates.

JEFF WATSON

Watson Steel Products

I would think Solar City's going to bring some fairly good wages, and that's going to make it very tough to pull in people whom you might bring in entry level. I'm still happy to see them come. I think the area needs as much injections of capital, jobs and growth as possible. We've seen it with the Buffalo Niagara Medical Campus and the effect on the surrounding areas. We've seen development downtown with the hockey rinks. We've seen a lot of areas start to really percolate. There will be good paying manufacturing jobs that will give people checks to spend here and locally – buying cars and homes. For me, it's not such a great thing, but for the area

it's very good. As an employer, it might make my job a little tougher, but how much tougher can it possibly be?

JOHN STAHLEY

Dresser Rand Co.

We spent the morning talking about that limited pool of resources and it's just going to be another large entity competing for that same smaller pool, so it's going to make things tough.

KEVIN CALVELLO

Buffalo Niagara Manufacturing Alliance

From our membership base, the excitement's there. Solar City is coming and I think a lot of our members will have an opportunity to be suppliers to Solar City. The fear is Solar City could alter the pay scale in Western New York. Obviously our members expect to have employee retention issues and increased concern about future hirings.

► Hasn't that happened before with General Motors and Ford where you train welders and get them up to speed, and all of a sudden five, 10 dollars more an hour.

ROBERT WOEPPPEL

Rosina Food Products Inc.

Yeah, I think the biggest thing is that they're going to be hiring in a wave. In the past, the Fords and the GMs would dribble people in.

► Will you have to increase everybody's salary. Can you just do that?

JAMES LINES

Graham Corp.

You can't. It's very, very difficult. Solar City, there's two sides. For the local community, I think it's hugely impactful on the positive side. To us as manufacturers, certainly there's some risk. I personally believe what is important is job security, wage continuity and the work environment. What can we do as leaders of our businesses to combat the concern of flight risk and retention? We can think about our workforce environment. This is not a wage issue. It's about engagement, about creating a work environment where the employee is empowered as part of something larger than themselves, part of a team. They enjoy coming to work each day. It's not necessarily a paycheck. Get to the emotional attachment to your business. Pay is always going to be a component but it's not always No. 1. So I would encourage all of us

to think about how to retain what we have and I believe that centers around the environment, engagement, having them be part of solution, providing solution, solving your business problems. Listen to them, engage them in strategy, have them part of the bigger picture. When an employee joins our company, we show them a plaque in our atrium that lists all employees with 25 years of service. That list is over 300 employees right now, and that resonates. That again speaks to the importance of manufacturing. It is vibrant. You can survive in the manufacturing industry. You can grow a long-term career. You can start at 20 and finish at 60.

BOB PALKA

Jacobs Ladder LLC

Jim's right. Studies have shown that people don't leave jobs because of wage. Now having said that, you can't be the minimum-wage guy, right? There are plenty of people on River Road at General Motors who are staying because of wage only. But those are at the opposite end. Everybody in the middle, typically will leave because of bad culture or stay because of good culture and those studies have shown that again and again. So how does Solar City impact? My gut tells me I'm not going to lose. I only have 19 folks, but I'm not going to lose anybody to Solar City. One, because I'm up in North Tonawanda and my workforce – as the crow flies – comes from a three-or-four-mile radius. If anything, if they do what they say they're going to do, they'll help my suppliers and thin out their fixed overhead. Then I will have healthier suppliers that are going to stay with me longer.

ADAM PRATT

Sherex Fastening Solutions

For sure I would agree with that. I don't think it will harm us very much. One area, one part of the solution, has to be how do we bring them to Western New York? How do we get more people to locate here? Part of that solution has to be a look at our H1-B process. We have reform in there. We have a pretty good internship program with UB and we have a lot of great students come over, but we have the H1-B issue. Our country grew on immigration and immigrants investing in the future of the country and we're limiting that right now with H1-B.

CHRISTOPHER McGRATH

IIT Endine Inc.

We've all been in business for many years and we have certain cultures in our companies. Solar City's a newbie, probably don't have a culture. We have a very conscious effort, very visible effort what we want our culture to be. Simply stated, it's just a better place to

work, being much more sensitive to work life balance. We have a concept we refer to as shadow of a leader. So if I expect my people who work for me to go home at the end of the day, I need to go home at the end of the day. Still getting my work done, but setting the right example and being a pleasant place to work.

JEFF WATSON

Watson Steel Products

You can set up a culture when you have the employees you need. Making them want to wake up in the morning and not say to themselves oh, geez, I've got to go to that place again. If they do that, they're working for the wrong people. Like many other people here, my workforce is small, very dedicated, very loyal. And that's a hard thing to find.

► What's next for your company in terms of growth and expansion?

TERRY GALANIS JR.

Sealing Devices Inc.

I think our company can grow as far as we want to take it. And this year, we're spending about maybe a million and a half dollars on new equipment, and equipment to get into new market segments. We've got a \$600,000 piece for equipment coming from Germany. We've got some coming from Taiwan. These are things to enhance what we're already doing. We can organically grow probably 10 percent a year if we put the right investment in there. But for the first time in our life, I think we've got an acquisition opportunity. It may be three to five years, but we're already talking to the person and seeing if it's a good fit for our company. It's all about fit. It's all about where you want to go with everything. But one thing, if you keep your employees in touch with what you're doing, let them know what's going on, you'll find they're excited about that. They're excited about opportunities and the company's here to stay.

MICHAEL MURTAGH

Unifrax

Our goal is really to double our business in the next five to seven years and that's going to require a lot of growth, a lot of expansion. You know, I think our biggest opportunity is how do we leverage – so we kind of went in reverse. We were in this acquisition mode for a number of years after we split off



INDUSTRY ROUNDTABLE

from Carborundum and acquired eight or nine new businesses in the last decade. So our opportunity is now how do we take all those new business and start to put in -- leverage them to grow to our overall company. Locally we're expanding and basically doubling our capacity here in Tonawanda. A lot of our growth is going to be with the automotive industry, continue to grow especially with continued strengths around energy, emissions control, so on and so forth. And then really again, looking into new segments, new opportunities, particularly in energy and fire protection.

ADAM PRATT

Sherex Fastening Solutions

For Sherex, we have a couple major areas of growth. Number one is international, so we're seeing a lot of opportunities in Europe and also India. India seems to be a pretty hot market right now with the administration there. Focus on manufacturing and we've already got two programs, one in energy and another in agricultural equipment in India. And then the other is just continued organic growth with our current customers. We're fortunate that we built a portfolio of products that really solve a lot of issues for the automotive industry around lightweighting. The big issue with the legislation in the auto industry is how do we make the cars lighter so we get better fuel efficiency. We've been fortunate to have a portfolio of fasteners that help with high stress steels, composites, those type of materials that will be used in today, tomorrow's cars.

JOHN STAHLEY

Dresser Rand Co.

At Dresser Rand, you may be aware has recently been acquired by Siemens, a \$100 billion German company, just acquired Dresser Rand for a little over \$7.6 billion. So it's an easy question for us. The next big opportunity is obviously to get integrated into such a large company. We were former competitors in the oil and gas market and they've acquired Dresser Rand to establish a stronger foothold in North America. So there's a huge opportunity in front of us to integrate these two companies, leverage our strengths, grow in the oil and gas market and take on GE, our biggest competitor.

JAMES LINES

Graham Corp.

The leadership team at Graham has been in place since 2006. We've grown from \$55 million at that point to \$135 million last year. Of that \$80 million in growth, 25 percent was acquisition and 75 percent was organic. We're

focused on organic growth over the next five to seven years. Doubling our business is our objective, and that's largely through taking market share. We've invested \$18 million in our Batavia facilities in the last six years to create capacity and improve productivity. We have \$60 million dollars of capital on our balance sheet, cash on our balance sheet that we plan to deploy for M&A to consolidate growth further. Our objective is to get \$200 million of revenue over the next four to six years through share growth organically and acquisition growth.



ROBERT WOEPEL

Rosina Food Products Inc.

We've basically been looking at new markets or retail businesses with product that we can sell to major grocery chains. We're represented in 97 of the top

100 chains in the country so there's not tremendous amount of growth opportunity there. But a large part of our future plans relate to expansion in the food service marketplace which would be restaurants and institutions. About five years ago we started an international division. We have 15 percent of our business in Canada. It's always been a good market and a growing one. Central, South America, and Caribbean, Puerto Rico are strong possibilities for us. We plan to make a significant investment in our facilities, new packaging lines and new production lines to keep costs down.

BOB PALKA

Jacobs Ladder LLC

We've grown at about a 30 percent rate in the last five years, primarily driven by one, export sales and two, our presence on the Biggest Loser. If I draw a straight line, I'm going to probably have to move out of my existing operations in the next couple years. We had an opportunity this year to move out, a nice facility that was actually going to take an old bingo hall and turn it into a manufacturing plant. One reason was I could put the dock doors where I wanted to and establish man flow, material flow the way I wanted to. I'm telling you this because the reason I didn't buy the facility wasn't because of price, size or location. All that was perfect. The local IDA and government didn't want to rezone the area from an R1 to an M1. I think in some situations our IDAs are looking for the home run. They're looking for the Solar City. I mean, the state's going to pay \$775 million to build that facility. It's going to be a state-owned facility and Solar City's

just going to rent it I think for some stupid number. And as long as they produce the employment numbers, they're good to go. I only have 19 jobs, so I'm not a big deal to anybody. But all I was asking was for a rezone from R1 to M1. The reason it didn't go through is this is an election year and nobody wanted to ruffle the feathers of some residencies in North Tonawanda.

CHRISTOPHER McGRATH

ITT Engine Inc.

Our target is to grow 5 to 7 percent organically every year. So the challenge is getting on existing programs which is often hard to unseat incumbents, but industry dynamics are changing quite a bit in aerospace, allowing for some opportunity. We bought a company in April that gave us some nice exposure to the 787 and related components. So a big charge for us is finding the right kinds of companies at the right valuations because the aero is a rich environment.

JEFF WATSON

Watson Steel Products

I think what we're looking at for Watson Steel Products is an organic growth rate. We're at 12 percent this year, probably tapering off more like

10 percent the year after. We've never been terribly concerned with rapid growth because we've always wanted to focus on facilities improvement, better machines, better equipment, better tooling, better building. We've always focused really on having a better company, not just a bigger one. But at some point in time, you do want to grow. Our supplier prices have been rising steadily for the last three years very sharply and we have to pass some of it along. We've fought tooth and nail trying not to raise prices, but we have to pass along a little bit of that. The other option, the other avenue that's open to us I should say is start developing a separate product, something separate from what we do. Using the knowledge that we've learned in our last 15 years to develop a product that's related although different, that's going to help us with sales in the upcoming couple of years.

KEVIN CALVELLO

Buffalo Niagara Manufacturing Alliance

As far as the BNMA, our goal is simple, to be the voice of manufacturing in Western New York. We're going to continue to give our members value added benefits and continue tours that are popular. We're going to continue to offer networking opportunities to our members.



THE POWER OF ONE

FOR ALL YOUR IT NEEDS

PCA Technology Group is the only one to call for a full range of technology services tailored to your exact needs. Make us your single-source partner for:

- Cloud Computing
- Outsourced IT Services
- Software Development
- VoIP / Unified Communications
- Digital Marketing & Analytics

Work with a partner who listens to your needs. Contact us today.

716.632.5881 pcatg.com



THE POWER OF LISTENING