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Stealthy success

Area manufacturing boomlet may be hard to spot, but it's there

By Gloria Irwin / Beacon Journal business writer

When the smell of tires clung to the air over Akron 50 years ago, residents recognized the odor of prosperity.

Today, the signs are more subtle, and the prosperity less obvious, but in many corners of Northeast Ohio's manufacturing sector, a quiet renaissance is taking place.

The statistics don't always tell the tale. The number of companies and employees in the region's manufacturing sector are continuing to shrink, albeit more slowly.

Beneath the surface, though, there are signs that small manufacturers in particular are innovating, automating, adapting and growing.

A few examples:

- Near downtown Akron, the owner of Northeast Tire Mold has invested \$600,000 to buy state-of-the-art machining equipment and entered joint manufacturing agreements with companies in France and China.

Northeast's sales have been increasing the last few years, and are up 20 percent this year, company owners say.

- In Wayne County, the owner of a small steel fabricating, laser cutting and welding company has invested in new automated machinery.

Scott Plance is preparing to move Metal Dynamics Co. into space at the former Volvo truck plant in Orrville. Company sales are up 30 percent this year, Plance said.

- In southwest Stark County, Solmet Technologies Inc., created 20 years ago to perform metallurgical testing for a nearby Timken Co. steel mill, has evolved into a commercial open die maker and forger.

Solmet's revenue has been growing by 25 percent to 30 percent each year for the past four years, President Joseph Halter Jr. said.

- To be sure, some large manufacturers in the area are doing well. Canton's Timken, one of the region's biggest manufacturers, announced record sales of \$1.4 billion for the second quarter last week. The company is shipping steel to China, and Chief Executive Officer James W. Griffith predicted steel exports will total 10,000 tons this year.

Ohio manufacturers are still lagging the record output levels of the late '90s. Still, many of the companies that survived the recent downturn are starting to grow and invest again -- in machinery and technology, if not in manpower.

Nationwide, manufacturing is picking up such momentum that the sector may soften the blows of a softer housing industry and weaker retail sales.

Orders of U.S.-made durable goods jumped an unexpected 3.1 percent in June, according to a federal report released Thursday.

Many manufacturers, including those in Northeast Ohio, are facing the best business conditions in 20 years, said economist Ken Mayland of ClearView Economics in Pepper Pike.

Small manufacturers that have learned to operate in niches have an advantage.

``You can offer small production runs and pretty quick turnaround," he said. Those smaller players are not competing against the low-wage countries like China, which focus more on high-volume output, he said.

The region's survivors have learned to use the principles of lean manufacturing, which apply to small companies as well as big producers, said Steve Gage, president of MAGNET, a business consulting firm in Cleveland. Survivors have learned to differentiate themselves from competitors and to meet tight production schedules, he said.

Despite the loss of one in five manufacturing jobs since the recession of 2000-01, the 16-county Northeast Ohio region still has more than 330,000 workers in manufacturing, Gage said.

``Most people underestimate the continued viability of this region as a manufacturer," he said.

Northeast Ohio's strength lies in its complex network of manufacturers that make goods for other manufacturers, he said.

Privately owned Northeast Tire Mold in Akron is a prime example. Northeast, with a payroll of 40, makes molds for tire manufacturers.

Owner Sipe said he watched low-cost production from China wipe out several Akron area companies and hundreds of jobs during the manufacturing recession.

``Six hundred people who made tire molds are no longer around," he said. ``There's a small number of us left."

Northeast found its niche in making the specialty molds needed for producing high-performance, racing and experimental tires, Sipe said.

The company invested substantially in new equipment during the past two years.

``If you don't roll the dice and buy high-tech equipment and make a top-notch product, then they're (customers) going to go elsewhere," Sipe said.

Part of that investment involved partnering with Deshors Tire Mold Inc.

Deshors had been looking for a U.S. partner because customers like Bridgestone had indicated it wanted its suppliers to be closer geographically, Deshors Executive Vice President Philippe Boe said from the company's office in Raleigh, N.C.

Partnering with Northeast was a good way to produce in the U.S. market, Boe said.

Last spring, Northeast purchased German-made equipment that can machine 25 percent to 30 percent faster than anything else on the market, Sipe said. Deshors recently followed suit.

Deshors' equipment was delivered to Northeast's plant on Opportunity Parkway. The two manufacturers can use each other's equipment when needed.

Northeast supplies mostly Goodyear, Dunlop and Kelly; Deshors' work primarily is for Continental and Bridgestone.

This year, Northeast took on a partner in China to produce lower-end molds.

``It was either get partners with some of these people or fade away," Sipe said.

Still, Northeast does not plan on hiring, Sipe said.

Metal Dynamics also is growing through automation rather than hiring.

The private company plans to become the first new tenant in what was once a Volvo truck plant in Orrville. Metal Dynamics owner Plance has leased about 15 percent of the renovated 120,000 square feet, and said he hopes to move from Holmesville in mid-September.

``I'm trying to move closer to my customer base, to better serve the customers," he said.

Metal Dynamics employs fewer than 10 and supplies original equipment manufacturers such as makers of lawn and garden equipment, Plance said.

Revenue is up 30 percent from last year, and with the added automation, the company expects to process about 1.5 million pounds of steel this year, he said.

``It's the equipment. It's how fast it can go through the machine and into the scrap hopper," he said of Metal Dynamics' success.

Many smaller manufacturers in the area are ``extremely, extremely busy," but continue to avoid adding employees, said Jim Pennetti, director of business retention and expansion at the Canton Chamber of Commerce.

``As far as job creation, many times there are no new jobs created because of automation," he said.

There's no longer any correlation between growth and job creation, said Solmet President Joseph Halter Jr.

Solmet is a commercial open die maker for customers in the oil, gas, automotive and rail industries. It custom-forges parts for uses as diverse as Disney rides and Caterpillar equipment.

The 65-employee private company is busy, Halter said, and has seen double-digit annual revenues growth for several years.

Despite the vigorous growth, only five or six people have been hired this year, he said.

Regardless of this renaissance, manufacturing is not about to regain its prominence as a powerhouse in a growing Ohio economy. Ohio is lagging the nation in manufacturing output, Mayland said. It's not yet clear whether manufacturing's share of the state's economy is growing or shrinking, he said.

``Manufacturing is doing pretty darned well now, but what I also know is that Ohio is just generally losing market share to other areas of the country," Mayland said.

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