



Industrial Diversity

Small-business development makes big impact

By Arlen Boardman for Fox Valley Inc.

Since 1995, Cyndi Malene has been downsized five times, losing jobs in Nebraska and Colorado because of job moves to Mexico, a plant closing and loss of government contracts. She said the last time, in August 2005, felt as bad as the first time in 1995. "It's devastating," Malene said. "You're set in a lifestyle and all of a sudden that changes. It's devastating; it really is."

Frustrated with the roller-coaster job market, Malene, 48, and her Wisconsin-native boyfriend, Leck Johnson, moved to Badger State in hopes of better luck. She eventually focused on the Fox River Valley, thinking it provided the best opportunities. If it were 1976, Malene would have put her name and credentials as an experienced inventory control specialist in at the local paper mills. But it's 2006, and the mills haven't been hiring for years. In recent years, area mills have been cutting dozens of jobs over the years or closing their doors, like Glatfelter in Neenah.

Malene, instead, hooked up with a local temporary employment agency, Argus Technical Services, which eventually found full-time, although temporary, work for her at Custom Marine, Neenah, a 20-year-old producer of high-quality exhaust and muffler systems and other products. She is optimistic her job won't soon disappear in a company that has just more than doubled its manufacturing space and intends to begin adding 30 jobs to the 85 it now employs.

Diversity Essential

In Neenah, that's where the jobs are being created today, in companies like Derby Molded Products Inc., an injection-molded plastic products manufacturer, and a few longtime stalwarts, like J.J. Keller & Associates, a growing publisher of industrial regulatory manuals and one of the city's biggest employers.

They are part of the new, diversified economy led by Plexus Corp., a computer products manufacturer founded in 1980 and which has surpassed paper and consumer products maker Kimberly-Clark Corp. as the city's biggest employer.

Bob Buckingham, Neenah community development director, was part of the city's economic development department team that encouraged and helped the fledging high-tech Plexus in its far-from-Silicon-Valley start in the paper- and printing-dominated Fox Valley. "It's a shining example (of the all-important diversification) just because the product seemed so atypical of our base. But secondly, look how they have become our biggest employer in the process," Buckingham said.

In its early years, Plexus once was the size of Derby and its 18 employees and Custom Marine and its 85. Nobody predicted in the early 1980s that it would become a major employer in the region.

Eyeing the future

Jerry Murphy, Executive director of the New North Inc., a three-year-old, 18-county organization started to market the area economy, said that the region changing from its paper industry dominance is no surprise. Just like products, economies change over time, shifting prominence to different kinds of businesses. "The economic world...is constantly in a state of change," he said. Murphy said New North is one organization that is attempting to help position this region for the change that necessarily comes to remain competitive in a dynamic world economy.

He came to run New North last January from a similar organization in upstate New York and was impressed with the strong work force and work ethic. He said the workers are of high caliber and well educated, and "they're dedicated; they show up for work. That's hard to come by in the USA."

What he also saw was the industrial diversity, something he said was invisible but existed. "There's a lot of small companies in the mix," Murphy said, like "metal benders, formers, coating, packaging, food production, meat packaging, the manufacturing capacity, Oshkosh Truck ... the Manitowoc Co., Pierce Manufacturing."

Murphy said this diverse economy is healthier than one leaning too heavily on one industry. He noted the stark example of one-industry towns cropping up around mining discoveries, only to die suddenly when the ore runs out. Neenah has its own diversity, from converting to consumer products to high tech to telemarketing to metal products to corporate headquarters, like Bemis Co., which recently relocated its headquarters from Minneapolis.

Steady growth

Buckingham said the city has a wealth of successful businesses, but two of the latest star performers are Custom Marine Inc. (CMI) and Derby, which have invested millions to promote growth and set the stage for significant hiring. Derby has increased its small employment by 50 percent and its sales by 100 percent since Jim Janes, owner of Oshkosh Marine Supply, bought it last year, and CMI just completed an expansion more than doubling its manufacturing space and setting it on a course to add 30 jobs within three years.

Derby was started in the mid-1980s by Tom Derby in his garage. It was at a modest 12 employees and \$2 million in sales a year ago when Janes bought it. Now it has 18 employees and might hire two or three more this year, and its 2006 sales are expected to be about \$4 million. Janes saw possibilities in the small injection-molding plastic products maker. "It had a nice niche, a number of good customers," he said, including Galloway Co., Menasha Corp., Banta Corp. and Culinart, a food processor.

He added product lines and put an emphasis on customer service, like timely deliveries, which helped its industrial customers to better serve customers. Derby's products range from outdoor rain runs to five-gallon pails. He also is increasing productivity to keep Derby competitive with low-wage foreign producers. "When you're competing with 95-cent (an hour) foreign labor, you just have got to create as many efficiencies in your technology as you can," he said.

Janes has a solid track record. Over 20 years, he took Oshkosh Marine's sales from \$600,000 to \$5 million, with significant employment growth. Workers earn up to \$24 an hour. He expects at least 10 percent sales growth in a year for Derby and that growth will drive hiring. Workers are earning up to \$18 an hour. Janes is expecting the need for another major expansion in five or six years. "I think the future for Derby is very good," he said. "There's enough niches that we can get into ... that will allow this company to grow."

The 20-year-old Custom Marine was founded by Joe Jelinski. It was acquired last year by an international company, but chose to stay in Neenah when it built a 95,000-square-foot headquarters and manufacturing facility. That began operating at a few weeks ago. Custom Marine is the corporate model that its parent, ComX International, is following as the latter builds its marine products operation. Tony Esposito, director of sales and marketing at Custom Marine, said the expansion is a clear commitment to Neenah and the area – and it means more jobs over the years, including the 30 committed to for the next three years. He said the firm could have relocated to South Carolina, its North American parent’s headquarters and a right-to-work state, but it chose to stay here.

“There is a Midwestern work ethic that we have here in Wisconsin and the Valley that is different from what you find in the other regions of the country,” he said. “It’s a terrible cliché.” Being acquired and building the new facility with state-of-the-art technology set the stage for strong growth. “CMI was a great small- to medium-sized company and was doing tremendous work,” said Esposito, who was hired last December to build the sales and marketing program.

It manufactures marine products, namely, high-quality steel exhaust systems for high performance water craft. It produces commercial grass cutter components, and components for industrial products from generators to welders to sprayers to dairy, beer-making and nuclear equipment. Although its hiring will be geared mostly to sales growth, it is looking constantly for some specialists, just like last year when it hired design staff, engineers and quality specialists. It hired 10 people last year at hourly pay of \$15 to \$20.

“We’re always looking for skilled trades, welders, fabricators, machinists, we have always had a need for,” Esposito said. “For individual and talent level we would find a place.” With its sophisticated new plant, CMI expects to provide the efficiency and quality, combined with aggressive customer service, to promote sales growth. “We jump through hoops,” to give timely delivery to customers, Esposito said. CMI also planned for room for a mirror-image facility on its site when sales growth demands it. Esposito said that shows CMI’s seriousness about strong growth.

CMI and Derby both were helped by Neenah with financial packages and other assistance.

Holding its own

The city of Neenah is delighted with successful businesses and growing employers like these two, Buckingham said. The city sells itself by maintaining a top-level bond rating and enjoys a strong position in community wealth, payroll and spending power, all helping to offset the cumbersome regulatory disadvantages businesses face under Wisconsin state rules, he said.

“Neenah shows steady growth in these (positive municipal fiscal) areas,” Buckingham said. Buckingham said also Neenah has responded to the trend of creating quality of life assets as a magnet to businesses concerned with good surroundings for their employees. The Riverwalk development, with phase one completed and more to come, is a good example.

“The important thing it’s a quality-of-life enhancement,” he said. “We can market it as a lure” when pursuing companies to relocate to Neenah. Getting the businesses to come completes the circle, generating revenue to help finance city improvements, Buckingham said.