



## Revenue growth the priority for region's manufacturers

John Seelmeyer, 12/28/2009

The outlook for northern Nevada manufacturers as 2010 dawns is all about their markets, and their worries are all about their ability to grow their revenues.

John Claudino, whose Carson City company is one of the smallest manufacturers in Nevada, doesn't feel great about the prospects for 2010. "It's dismal," says Claudino, the president and sole employee of Aztec Manufacturing Co., a maker of track cleaners for model train layouts. His customers, most of them middle-aged and older, pay more attention to their retirement funds than their railroad layouts these days.

About 24 miles up the road, the state's biggest manufacturing company sees sunshine peeking through the clouds.

"We are cautiously optimistic," says Julie Brown, a spokeswoman for International Game Technology. "There are a number of gaming markets that are opening."

The biggest opportunity for IGT and its 2,200 employees in the Reno area may come as gaming expands into bars, restaurants and other venues in Illinois this year. The expansion has been estimated to create demand for 77,000 slots from IGT and other manufacturers.

Just around the corner from IGT, a third manufacturer — Server Technology Inc. — expects business to continue roaring into 2010 as it builds power distribution units that support the data centers that handle everything from YouTube videos to records of banking transactions.

And within manufacturing niches, even smaller sub-niches are continuing to prove profitable for some northern Nevada manufacturers.

Gary Platt Manufacturing of Reno, for instance, has done well for more than 20 years specializing in casino seating. But it decided a couple of years ago to focus even more tightly on Indian casinos, says President Bob Yabroff. The upshot? In recent weeks, the company shipped 960 chairs to an Indian casino in Chandler, Ariz. Another 879 to an Indian casino in Lawton, Okla. And 820 chairs to an Indian casino in Jackson, Calif.

The company is adding modestly to its workforce of 40 and scheduling a few Saturday shifts to deal with the recent upturn in orders.

That sort of sales growth remains the priority for most of the region's manufacturers, says Jeff Lawrence, operations manager of Nevada Industry Excellence, a nonprofit that advises manufacturing companies.

"This has been a really tough year for them," says Lawrence, who says manufacturers typically report sales declines of about 30 percent from a year ago. "It was brutal. There was a lot of downsizing. But now they're bouncing along the bottom."

While markets for individual manufacturing companies vary widely, Lawrence says many are beginning to see some stirrings among their customers. Because cost-cutting has left the companies so lean, higher revenues will improve their profitability fairly quickly.

Lawrence says companies continue to seek ways to improve production — mostly through building employee productivity rather than investments in new equipment — and they're hungry to develop new markets.

Some look for export markets. Others look to develop new products. And some look to complete certifications such as ISO that will enable them to chase new business.

The sector's troubles during 2009 are reflected in employment numbers.

Manufacturing closures in the Reno-Sparks during 2009 were major contributors to a 6.2 percent decline in employment in the sector statewide during the year, said Manufacturers News Inc., an Evanston, Ill., company that develops industry directories.

Among the major closures, Manufacturers News said, were a Sparks facility operated by Myers Industries, a maker of garden containers, and a window-and-door plant operated by Georgia Gulf Corp. at McCarran, east of Sparks.

Bright spots, the company said, included opening of the Advanced Refining Concepts plant in Sparks.

By the most recent count, Manufacturers Industry said Reno is home to 9,930 manufacturing jobs, down 6 percent in the past year. Sparks accounts for 4,908 jobs in the sector, a number that has declined by 8.4 percent in the past year.

In Carson City, the State Department of Employment, Training and Rehabilitation estimates manufacturing employment at 2,600 — a decline of nearly 16 percent from 2008 numbers.

New manufacturers arriving in the region, however, could help to turn those numbers around.

Executives of both the Economic Development Authority of Western Nevada in Reno and the Northern Nevada Development Authority in Carson City say they're working with a number of manufacturers who are considering new plants in the region.

Some are in growth industries and are looking to expand in anticipation of a national economic rebound, says Rob Hooper, NNDA's executive director.

Chuck Alvey, president and chief executive officer of EDAWN, says the region also gets inquiries from manufacturers who want a strong West Coast presence so they can be close to customers.

California companies could account for a significant number of new companies, says Kris Holt, executive director of Nevada Business Connections in Carson City.

Holt plans at least four recruiting trips to California in the next year to pitch Nevada's tax environment and business climate to manufacturers looking to move from the Golden State.

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