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Triad firm plans \$6M expansion

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Machine Specialties Inc., a precision machine and finishing shop in Greensboro, is making plans for a \$6 million plant expansion with a goal of adding more than 100 employees and doubling its sales over the next several years.

The company — which makes specialty parts for the military, aerospace, energy and medical industries — has about 50,000 square feet in two buildings on Boulder Road just south of Interstate 40 near Piedmont Triad International Airport. Robert Simmons, the company's owner and CEO, said he is looking to buy at least a 100,000-square-foot facility within 20 miles to relocate its operations; expansion of its current facility isn't feasible.

Simmons said the company may also buy land to build a new facility, though finding an existing building to upfit would accelerate expansion plans. Broker Tom Townes, a managing partner with Triad Commercial Properties, represents the company.

Simmons said Machine Specialties will finance about half the estimated \$6 million expansion with cash reserves, with RBC Bank financing the other half. He said the company will likely not seek out economic incentives from Greensboro or Guilford County.

Townes said several buildings in the Triad are under consideration, though he could not disclose specifics. He said the company will require a specialized site because of its heavy power needs, employee parking and floor specifications because of machinery that can only vibrate so much.

“It’s not like we can run down the road and look at every 100,000-square-foot building with a sign on it,” Townes said. “It’s a bit more of an exact science in this case.”

The expansion will allow the company to bring in about \$3 million in new precision machines — one of which is 70 feet long and 16 feet high — that will take huge blocks or rods of solid metal and turn them into parts for aircraft, tanks, medical equipment, oil rigs or other machinery for the alternative energy industry. The new equipment can make the precision parts without having to reset each time a piece needs to be rotated for work on another side, like older machines operate.

Mike Graybill, a purchasing manager for one of Machine Specialties’ medical clients in the Triangle, said the Greensboro shop has produced parts for his company’s endoscopy equipment for the past decade or so and he has seen their quality.

“They have always been responsive to what we needed,” Graybill said. “And they are really on the cutting edge, technologically speaking. If our instruments break, people can die as a result. So we know we can rely on them to supply high-precision parts for a very critical instrument.”

Growing backlog

Simmons explained that the expansion plans are being driven by a record-high backlog in orders, which stands at about \$23 million in

contracts that can be fulfilled in the next one to two years. That's up from a backlog of about \$8 million last year.

The company has already received about \$4 million in orders that can be fulfilled on the new equipment.

Machine Specialties employs about 105 employees and expects to do about \$23 million in sales this year. Simmons said the company has a strategic plan to reach 220 employees and \$50 million in sales in the next five to six years. It's a lofty goal to be sure, but the company has already grown its sales from \$10 million in 2006.

The company was founded in Greensboro in 1969, and Simmons joined in 1979 as the seventh employee.

While traditional manufacturing has waned in the Triad, advanced manufacturers like Machine Specialties have held up better because they can produce parts no matter where assembly of the end product takes place. The Greensboro Economic Development Alliance estimates there are 22,000 people in Guilford County and 49,000 people in the Triad in advanced manufacturing jobs like machinists and metal workers.

Simmons added that his company has remained strong because it chose to work with clients in varied fields, including some so-called "recession proof" industries such as the military and energy. And he said Machine Specialties is more agile than its much-larger competitors.

"Our competitors are only set up to make 5,000 parts at a time," Simmons said. "We're set up to do (as little as) 20 parts at a time if that's what you need. We decided long ago that our market was essentially smaller runs and quick-turnaround times."

Another decision early in the company's history has also helped Machine Specialties weather the current downturn. Simmons said the company realized in the 1980s that automakers and suppliers demanded prices that were too low for Machine Specialties to remain competitive, so it stopped accepting automotive contracts.

While that may have looked like a poor decision more than a decade ago, it appears prophetic today with the domestic auto industry in decline and suppliers of all sorts suffering as a result.

Claiming its niche

Tammy Lowdermilk, vice president of sales and marketing for Machine Specialties, said the company also decided about a decade ago to focus on making large, complex parts that require multiple turns on a machine.

While the simple production of smaller parts was moving offshore, domestic clients were keeping manufacturing of heavier, larger parts in the United States because overseas shipping was too expensive.

Lowdermilk said that even though some of the company's customers have cut spending and employees, those customers have still called on Machine Specialties to make parts that may have previously been done in-house. In the aerospace industry, for example, clients aren't buying as many brand new aircraft, but are instead ordering parts to refurbish existing planes.

"Some of our customers are seeing slower numbers, so we thought we might not grow as much this year," Lowdermilk said. "But they aren't letting us stand still."

Lowdermilk said making room for the new, larger equipment will

position Machine Specialties to boost sales even more. One reason is that it remains classified as a small business. Contracts with the U.S. government or its suppliers often require a certain amount of work to be performed by small businesses.

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