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## Manufacturing keeps pace in NWA

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Frequent headlines share news of layoffs, factory shut-downs and other indicators that the manufacturing industry is rapidly declining throughout the United States but that's not so much the case in Northwest Arkansas.

Make no mistake, manufacturing is on the decline in the region, but many manufacturers say they have been blessed to be able to still be in business through hard work and being willing to adapt to changing needs.

There have been about 7,700 jobs manufacturing jobs lost in Northwest Arkansas since 2000 but the decline evened out between June 2011 and June 2012, according to the 2012 State of the Northwest Arkansas Region Report <sup>[2]</sup>.

The report, issued in September by the Center for Business and Economic Research at the University of Arkansas and the Northwest Arkansas Council, indicates that there are still between 25,000 and 30,000 jobs in the manufacturing sector throughout Northwest Arkansas. This includes Benton, Madison and Washington counties in Arkansas and McDonald County in Missouri.

Along the Interstate 540 corridor, there are still manufacturing companies from all sectors from nanotechnology to metalworking. The company sizes also range from a few employees to more than 1,000.

### FAYETTEVILLE

The Fayetteville Chamber of Commerce is celebrating its manufacturing sector this week (Oct. 1-5) with student tours at various manufacturers and Mayor Lionel Jordan proclaimed it "Manufacturers Appreciation Week."

"We have very great companies in Fayetteville and we want to choose one week to highlight them and also to say thanks," said Chung Tan, manager of economic development. "They (employ) some 5,000 people every day (in Fayetteville)."

Tan gave several examples of manufacturers in Fayetteville that are thriving, making a comeback or at least bucking the downward trend. Superior Industries had a major labor reduction just three years ago but now they are up to 1,000 employees, she said.

“A lot of people are losing manufacturing jobs but Superior bucked that trend,” she said. American Air Filter in Fayetteville recently announced an expansion, which means more than nearly 60 new jobs in Fayetteville. Both Pinnacle Foods and Tyson Foods are expanding this year as well.

Karcher North America, a German-based company that makes residential and commercial high pressure washers, professional and commercial cleaning equipment like vacuums and extractors, scrubbers and sweepers, detergents as well as water treatment systems and water restoration products.

The company announced earlier this year that it purchased the Hanna’s Candle building on Armstrong Avenue in Fayetteville. The facility will host products, accessories and parts that are currently located in Springdale, Englewood, Colo., and Bowling Brooke, Ill. It will be the company’s largest facility in North America, according to a press release.

“By acquiring the new facility we are investing in a sustainable location with further potential,” said Hartmut Jenner, CEO of the Kärcher Group. “The growth of Kärcher has skyrocketed all over the world, with North America becoming one of our most important sales regions.”

Fayetteville is a strategic place for this growth.

“From a logistics standpoint, Fayetteville is the best possible location. Due to its central location we are able to supply our customers and trading partners all over the United States within a short period of time,” adds Elliot Younessian, CEO of Karcher North America.

Ayrshire Electronics hosted a group of Fayetteville High School students Tuesday (Oct. 2) afternoon. The students are part of Randal Dickinson’s digital electronics class. Being able to see the practical applications of what they are learning about in class gives students ideas for future careers, Dickinson said.

“It shows them engineering careers and engineering technology careers,” he said.

Gary Lehren, president at Ayrshire, conducted the tour personally. The company used to be Baldwin Piano and Organ Company but in the 1980s when electronic organs started seeing a downturn in popularity, the company started marketing the technology for other uses. In 2001, the division was sold and Ayrshire was formed.

He told the students the company has many workers who have been there for decades and that those employees have worked to acquire the changing skillsets required to keep up with changing technology.

Lehren said that while manufacturing has declined in the area, the company has been able to stay in business largely because it has adapted to changing needs. The company has also acquired new contracts as existing customers have decreased their level of business, he said.

## **BENTONVILLE**

Bentonville is best known for its retail and vendor prowess but it wasn’t that long ago that it too was a fertile ground for manufacturing. Many manufacturing companies started in that area in the 1950s and even before, said Tom Ginn, vice president of economic development at the

Bentonville/Bella Vista Chamber of Commerce,

For example, the Kraft Foods plant has been there since 1947 but that facility is scheduled to shut down sometime in 2013. Other companies remain, like Bentonville Plastics Mold and Dye and United Industries, Ginn said.

The state's right-to-work status is what initially drew so many manufacturing companies to move operations from the north to north Arkansas, he said.

"There were people here who were ready, willing and able to work," he said. "It created a lot of jobs."

Manufacturers, like other industries, tend to move where the zoning and the economy takes them.

"As the city has grown, manufacturing has to go where the city zoning goes," he said, offering an example of increased industrial activity near Northwest Arkansas Regional Airport.

There are also cases where old manufacturing buildings can be transformed to hold a different kind of company or industry, he said.

"There are still opportunities here, it just depends on the different kinds of business that we want to attract," he said.

## **ROGERS**

In the Rogers area, there has been a definite upswing in the manufacturing sector, said Steve Cox, director of economic development at the Rogers-Lowell Area Chamber of Commerce. There is a wide variety of manufacturing companies and related skillsets that provides jobs for people, he said.

"That's what makes us unique is the broad range of things," he said.

He gave examples such as Superior Industries, Bekaert, Kennametal and Glad as some of the larger manufacturing companies in the area.

Cox said there is still a strong interest for manufacturing companies to establish a presence in the region and in fact, the inquiries at the beginning of 2012 were "back at the 2008 level," he said.

Some interest has waned in recent months but that is normal.



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“Every election cycle the interest drops off because people are hesitant to make a move until they know what’s going to happen (with the election),” Cox said.

Companies look at many factors including availability of facilities and operating costs, as well as the availability of a trained workforce. They are also interested to know about quality of life for their employees and the community’s involvement with business activities. Rogers and all of Northwest Arkansas are strong in each of these areas, he said.

Like several area chambers, the RLCC is participating in the Business Retention Expansion (BRE) program through the NWA Council. This program helps businesses be able to share what their training needs are for their workforce and what they need to expand. This could be anything from more training to changes in legislation.

Leaders can then work with area schools such as NorthWest Arkansas Community College and Northwest Technical Institute to provide the necessary training.

“Manufacturing is not the same that it was 60 years ago,” Cox said. “It requires much more technical skill and training.”

For some companies, being able to provide the same high-quality products and service has been the secret to success. Central States Manufacturing in Lowell is expanding but the products have changed very little, said David Mann, vice president of operations. The company is headquartered in Lowell and its largest manufacturing facility is also located there. It is 100% employee owned.

“Our main growth method is geographic,” Mann said.

The company has opened several new facilities with plans to open more in coming months and years. The company uses a management style that requires both a general manager of sales and general manager of operations, both who are equally responsible for each facility’s success.

The company prefers to train the team members at the Lowell facility although that is becoming more difficult to do as the company grows, Mann said.

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## SPRINGDALE

Lance Eads, vice president for economic development at the Springdale Chamber of Commerce, also specifically brought up the BRE program when discussing manufacturing. He said that of the 80 or so companies he's spoken with, 2011 was a better year and 2012 is "getting even better."

"Employment is up significantly in Springdale and manufacturing is a big part of that," he said. "There are 22 going through an expansion in the near future."

Some of the larger employers in Springdale's manufacturing sector include Tyson, Cargill, Apex Tool Group, Rockline Industries, ConAir and Bruner & Lay. They range from food production to large drilling equipment, Eads said.

Many of the manufacturing facilities in the Springdale area are part of a larger company that has facilities in this region. The companies choose the area in part because of the good quality of life, he said.

The smaller, more local manufacturers have been able to survive by adding services or products.

"Their ability to be agile and not being locked into one area (is one thing that makes them successful)," Eads said.

Others have survived by changing the type of customer they work with, including some that have been doing more government contracts while their commercial contracts wane.

"We continue putting out positive information and bucking the national trend," he said.

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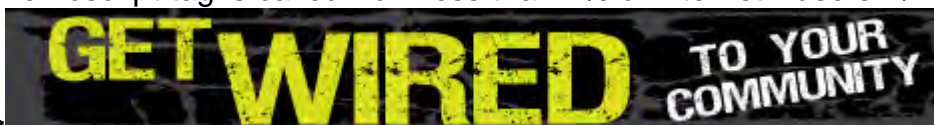
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