

Companies seeking assist with client diversification

Manufacturing advocacy group Magnet helping those eyeing more stability in stronger markets

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Several Northeast Ohio companies are trying to put some of their eggs into what they believe are stronger baskets.

The businesses, particularly those in manufacturing, want to diversify into markets such as advanced energy, medicine, aerospace and defense to protect themselves from the recession, said Ed Nolan of Magnet, an advocacy group for manufacturers in Northeast Ohio.

The organization just started offering to help area manufacturers figure out how to enter stronger markets after hearing the companies voice demand for such a service, said Mr. Nolan, Magnet's vice president of product development and engineering services.

Many companies have few choices but to make new products for new markets because they've already cut so many expenses, Mr. Nolan said. Plus, some companies, such as those that supply parts to the ailing Detroit Three automakers, could end up losing their biggest customers before the recession ends.

"If you only supply GM with bolts, you better find something else," Mr. Nolan said.

Among the six companies already using Magnet's new service is Wright Tool Co. of Barberton. Sales of steel hand tools account for 95% of Wright Tool Co.'s revenue, but in the past six months, Wright Tool president Terry Taylor has been pushing harder to get the company into the advanced energy market.

Wright Tool's steel-forging abilities should make it a good fit for the wind industry in particular, said Ty Smith, director of business development for the company, which employs about 160 people. The industry's demand for steel parts is making it attractive to all sorts of new suppliers.

"It's a brand new industry for a lot of people," Mr. Smith said.

There also is a lot of interest in the medical field, Mr. Nolan said. For instance, Magnet about a year ago helped organize a panel discussion featuring manufacturers that had broken into the industry. The

organization expected an audience of 60 but instead got 160.

Cable Manufacturing and Assembly Co. is among those interested in that market. The cable maker, which employs a total of about 100 in Stark County and Fresnillo, Mexico, aims to start making small cables for minimally invasive surgery and medical devices, said Keith Lindsey, vice president of sales and marketing. The company already makes some medical equipment and serves a handful of markets, but much of its revenue comes from selling cables for truck tailgates.

"Certainly the downturn in automotive reinforces the need to do this," Mr. Lindsey said.

Some companies not working with Magnet also are trying to enter new markets because of the weak economy.

GMP Friction Products of Akron started looking to sell products to the advanced energy market and the military in early 2008, said Jerry Lynch, its president. The maker of friction materials for brakes and clutches used on heavy equipment accelerated the effort after sales "fell off a cliff" late last year, Mr. Lynch said. First-quarter sales were down 25% from the same time last year, and the company over the past few months has reduced its work force to 59 from 74, said Mr. Lynch, who would not give revenue figures.

GMP is in the process of becoming certified to sell directly to the military, Mr. Lynch said.

"We have small business status," he said. "We have products they use."

Manufacturers aren't the only ones targeting more lucrative markets.

For instance, the Next Energy Store of Kirtland in about a month aims to begin assembling and installing In'flector window insulators, which are clear panels that help windows retain heat in the winter and block it in the summer, said store owner Frank Bolek.

The retail store began looking for a new product after sales of Edenpure heaters, its biggest revenue generator, collapsed in January and February, forcing it to cut its staff to 10 from 18.

"If we were to continue to do what we were doing, we would probably die," Mr. Bolek said. ■