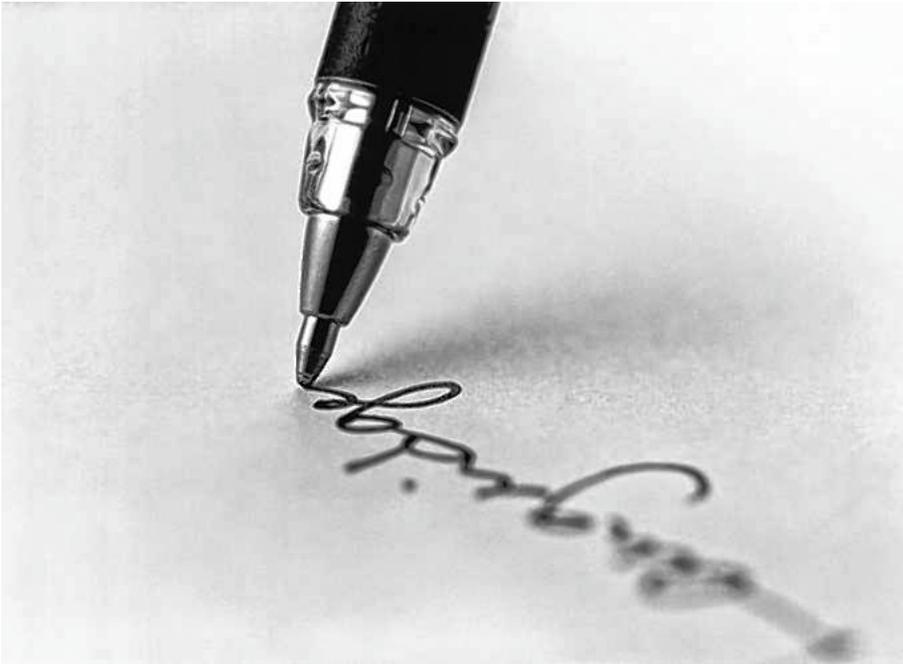


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What manufacturing slump?



MIKE WATSON IMAGES

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A slew of recent reports in the national media about an overall slump in manufacturing production has raised concerns about recession and layoffs. The reporting also raised some eyebrows among local precision machining company owners. The local precision machining industry — which is both one of the Pioneer Valley's oldest and most modern manufacturing sectors — appears to be thriving, in contrast to reported global trends. What accounts for a national dip and local growth in the world of manufacturing?

Mid-range machining companies — those with 60-180 employees working in this region — include BETE Fog Nozzle, Kennametal, and VSS, Inc., all located in Greenfield. The upper Valley is also home to more than 20 smaller machine shops, each with 5 to 30 employees.

VSS, Inc., which completed an 18,500-square-foot building in 2019 and is filling it with over \$3 million in advanced computer-numerical-control (CNC) equipment, exemplifies the growth in Franklin County machining. VSS President and owner Steve Capshaw explains the manufacturing slump discrepancy this way: "It's all sector based. If you're in aerospace, like us, then it couldn't be hotter. If you're in autos, then the current cyclical downturn is not good." He adds, "I don't see any evidence of a slump whatsoever. All I see is the shortage of skilled workers available to hire. That's my only problem."

Eric Hagopian, owner and president of Pilot Precision Products in South Deerfield, recently completed construction on a new 25,000-square-foot building which brings together four companies and the two main global suppliers of broach tooling he acquired under one roof — a \$7 million investment in new building and equipment. Hagopian argues that the media has failed to report the growth of manufacturing sectors like his.



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He elaborates on the differences between the automotive and aerospace manufacturing sectors: “Automobile companies are focusing on the future of electric vehicles over internal combustion ... When you think about all the mechanical components in an internal combustion engine, you can understand the slump. Electric vehicles have many fewer parts, which are also significantly less expensive in production.” He adds, “But aerospace is absolutely off the hook because of the proliferation of so many fuel, emission and noise-reducing programs... Aircraft manufacturers can no longer kick the can down the road in terms of investing in new machinery, as the fuel savings and regulatory requirements on emissions are forcing their hands to buy new, expensive and much more efficient aircraft. The pipeline for aircraft orders is filled for the foreseeable future.”

Tom Fitch, president of BETE Fog Nozzle, observes, “We have been experiencing extraordinary growth over the past couple of years. We have added shifts and machines and have more expansion plans in the works. Overall, our business is up tremendously.” He adds, “We source domestically and we really have not seen any adverse impact on the cost of raw materials. The major impact of the trade war with China is ... delays ... [in shipping] ... that are problematic for our customers.”

The 139-year-old L.S. Starrett Company in Athol perhaps best represents the kind of American company that straddles the divide between exposure to national and international trends and strong local performance. In his first quarter report to stockholders, company President Douglas Starrett writes: “Despite flat sales, gross margins improved \$1.0 million to 34% of sales in fiscal 2020, compared to 32.1% of sales in fiscal 2019. The key drivers for better performance were the company’s North American-based metrology businesses offset by weaker international performance.” By “metrology businesses” Starrett is referring to the precision measuring tools — calipers, micrometers, gage blocks, etc. —made by this company, and then ships all over the world.

It appears that local precision machining remains strong in the face of national and international downtrends. The Manufacturing Skills Initiative, coordinated by the MassHire Franklin Hampshire Workforce Board, continues to see very strong interest by employers in the graduates of the 12-week manufacturing training program the board supports via Greenfield Community College and Franklin County Technical School. For now, state workforce and economic development grants made possible by our Legislature pay the full cost of the \$6,000 tuition for most trainees. The project has graduated over 150 students, with an 85% job placement rate. The most recent class has an average starting wage of \$18.45 an hour — 44% above minimum wage.

National trends are one thing. To understand manufacturing in our region, we need to look closely at each sector, and its individual companies and products. Right now advanced manufacturing in the Pioneer Valley is thriving.

Andrew Baker is coordinator of the MassHire Franklin Hampshire Workforce Board’s Manufacturing Skills Initiative. State Rep. Paul Mark, D-Peru, represents the 2nd Berkshire District.

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