HONORING THE CITY OF TRINIDAD

HON. SCOTT MCINNIS
OF COLORADO
IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 11, 2001

Mr. McNINIS, Mr. Speaker. It gives me great pleasure to recognize the city of Trinidad, Colorado as the city celebrates its 125th anniversary.

Throughout Trinidad's town history, the city has been a melting pot for various cultures. In its defining years, Trinidad was a bustling city founded on coal mining and cattle ranching. Trinidad was also a stopping point for the railroad as it progressed westward. Today, it is a city of rich historical significance and livelihood located on the western slope of Colorado.

The 125th anniversary of Trinidad presents a wonderful opportunity for many residents to recall the stories that have shaped this dynamic community. For others, it highlights historical notes that illuminate an era when Bat Masterson was the town marshal in the 1880's and when Trinidad was frequented by such famous western legends as Kit Carson, Wyatt Earp, Doc Holliday and Billy the Kid.

Mr. Speaker, I would especially like to commend the men and women who have impacted the city of Trinidad and made it the delightful place it is today. For example, Felipe Baca was an early businessman who built and resided in the notorious Baca Mansion. Sister Blanilda was a pioneer for the Catholic nuns in the territory and Father Charles M. Pinto was the first Jesuit pastor of Holy Trinity Catholic Church, erected in 1886. These are just a few of the many personalities that have molded not only the city of Trinidad, but also the western territory in general.

Mr. Speaker, as the members of this historic community reminisce of days gone by and anticipate those yet to come, I am proud to honor and congratulate the residents of Trinidad on their anniversary. It is truly a remarkable accomplishment to celebrate 125 years of prosperity and good fortune.

RECOGNITION OF EXTRUDE HONE CORPORATION

HON. MELISSA A. HART
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 11, 2001

Ms. HART, Mr. Speaker, I submit the following Wall Street Journal article printed on Friday, July 6th. The story discusses the importance of small manufacturers in our economy, and specifically talks about the success of Extrude Hone Corp. in Irwin, PA. This company is located in my district and produces a wide range of products. Along with thousands of other successful small manufacturers, the company is one of the reasons that the bottom hasn't fallen out of the U.S. economy.

Quietly, but profitably, the company is going about its business: making machines that use a special abrasive putty to smooth out rough edges on aircraft engines, fuel-injection systems, heart joints and heart valves. By itself, Extrude Hone, which has a work force of less than 200 locally and 400 worldwide, hardly registers beyond its rural hometown near Pittsburgh and the large community of its customers. But its broader significance lies in the fact that it's far from alone.

Extrude Hone is just one of about 4,000 manufacturers in this southwest corner of Pennsylvania, nearly all with fewer than 500 workers. As a group, they employ about 170,000 people, and their payroll is total $7.1 billion annually. Most are too small to show up on Wall Street's radar screen. But these stealth manufacturers, principally durable-goods makers, have reaffirmed their significance to our nation's economy, and many of them are showing surprising strength.

Layoffs vs. Hiring

Though there have been some recent signs of a pickup, the durable-goods sector, which produces big-ticket items designed for repeated use, has borne the brunt of the manufacturing slump that began in the second half of 2000. Many of the sector's publicly traded giants, such as General Electric Co., Eaton Corp. and International Paper Co., have responded with pronounced major layoffs. But despite all that, about 40% of south-western Pennsylvania's durable-goods manufacturers plan to add workers this quarter, according to a recent survey by staffing agency Manpower Inc.

Why? Larry Rhodes, Extrude Hone's chief executive, can cite several reasons. So can Kurt Leiker III, whose family-owned company makes vacuum systems, or Robert Moscardini of U.S. Tool & Die Inc., who has nearly tripled his work force to 110 people since 1994, and who wants him to increase it to as many as 500.

All three businesses have been understaffed in recent years and have had to invest heavily in recruiting and training. Mr. Moscardini figures U.S. Tool & Die spent 3,000 hours training workers last year, even paying an outside welding company to help it in the effort. "You figure every hour is worth $60 to $100," he says. "That's a big investment. You don't just let those people go."

EIGHT GREAT YEARS

Nor are many small to midsize manufacturers elsewhere in the nation rushing to cut back. Though some have had no choice but to lay off employees, even many of those who have shortened their hours have found a new strategy: holding on to their workers, both out of loyalty to their communities and employees and out of fear that they will be left without much-needed talent when the economy recovers. And, without public shareholders breathing down their necks demanding that they maximize returns, they have the flexibility to eschew layoffs in favor of longer-range business goals.

"They're not crying the blues because they had eight great years," says Dean Garrison of the Manufacturers Association of Pennsylvania, a trade group based in Washington. Most such businesses keep overhead low, and their owners can still afford to put "dollars into the company," he says. "They're less apt to let people go, and that creates a stabilizing force."

UPBEAT IN A SLOWDOWN

And a significant one. Those largely anonymous businesses account for about 9.8 million, or more than half of the nation's manufacturing jobs. And their seeming resistance to layoffs helps explain why consumers, who are also employees, have remained relatively upbeat, despite the current slowdown.

Jerry Letendre owns Diamond Casting Corp. in Hollis, N.H., where he and his 50 employees pour molten aluminum into shapes for high-tech pumps. Last year, his profits dropped 50% and sales fell 30%. But rather than make big layoffs, he decided to hold off buying a new computerized milling machine and dug deeper into his own pockets to rebuild inventory and introduce new products.

Twenty-five percent of his products were introduced in the past 10 months, keeping him at step-ahead pace. "During good times you conduct yourself so you can comfortably sustain not-so-good times like now," Mr. Letendre says. And, he adds, "I don't have Wall Street calling me asking, 'What have you done for me this week?'

Here in southwest Pennsylvania, industrial stalwarts such as U.S. Steel Corp., Alcoa Inc. and Westinghouse Electric Corp. drove the economy, spawning thousands of smaller operations that were formed solely to supply and serve them. Many of those operations dried up over the decades as Westinghouse left town and steel's presence here shrank. The small manufacturers that have survived this downturn have done so by taking it step-by-step.

Extrude Hone is one of them. Mr. Rhodes's father started the business 33 years ago in the back of a tire shop. The company's purpose was to polish rough edges and holes in metal parts. Though that sounds like a minor adjustment, such fine-tuning can greatly enhance a product's performance. Having a smooth hole, rather than a jagged one, in a fuel-injection system, for example, when the hole is only twice the diameter of a hair, can increase the flow of fuel by 20%. That means improved fuel economy and lower emissions. When it comes to heart valves and knee joints, the difference means better blood flow and less chance of contamination. When it comes to aircraft engines, it means more power.

And if the customer doesn't want to do that kind of work itself, Extrude Hone will finish the parts for it in one of its several shops around the world, from Ireland to Japan. It also sells the proprietary putty used in its machines.

EXPLOITING ADVANTAGES

The fact that Extrude Hone is growing makes it an anomaly among the nation's machine-tool producers, whose overall sales have slumped since the late 1990s. In a recent speech before a business group in Birmingham, England, where the decline of heavy industry has paralleled that of Pittsburgh's, Mr. Rhodes shared his company's survival strategy with the idea that to know how his manufacturing business had weathered the U.S. steel industry's diminished local presence.

The fact, Mr. Rhodes said, was exploiting the advantages inherent in being a small manufacturer. Having relatively few employees, he said, helps his company to remain flexible and stay closer to its customers. Making things more economically, precisely or consistently isn't
Mr. Rhoades's newest and most promising technology, invented at the Massachusetts Institute of Technology, is a process for custom-making hundreds of different parts using a single machine. Rather than stamping a piece out of metal, the new process uses a computer scan of a part to create a copy of it, building it up layer by layer from a mixture of powdered metal and glue, which is then fused in a furnace.

Mr. Rhoades says the process eventually could be used by airlines and by auto shops that do replacement parts on site, rather than waiting for them to be delivered.

And that's why he's hiring. He needs metalurgists and people with computer and software skills, many of whom as recently as two years ago wouldn't have considered working for a machine-tool maker. "It just got to an unhealthy point where people were being drawn out of the work force and into dot-coms when they could make a bigger economic contribution" by working in mainstream manufacturing, he says.

Manufacturers create a local multiplier effect. They go through a lot of nuts, bolts, grease and paper clips, often relying on other local businesses and keeping their dollars in the community. They use the local delivery service, the local trucking company. Home sales are rising 7% in May, and while there is no direct correlation between robust real-estate sales and an uninterrupted flow of coated metal, it can't hurt either.

Last year, U.S. Tool & Die spent $467,853 buying office supplies, gloves, cleaning materials, fasteners, bolts, grinding wheels, sanding belts and lifting devices such as slings from local suppliers. Steel to make its products comes from nearby Allegheny Ludlum Corp.

U.S. Tool & Die has survived by evolving. Formed about 50 years ago, it was engaged in the most basic aspect of manufacturing: making parts under contract for customers in the steel industry. In the mid-1970s, it began making racks to store spent nuclear fuel. It didn't change its business, remaining a contract manufacturer, but it changed markets completely. Now, it has contracts all over the world.

While U.S. Tool & Die's Mr. Moscardini credits the company's strong sales to dominating a niche market, others seem to be doing well, too. "People I associated with in metal working and manufacturing, everyone seems healthy. We probably have 15 to 20 machine shops as well as subcontract work, and these guys are all busy," John Ross, executive vice president of manufacturing at Kurt J. Lesker Co., last year. Kurt J. Lesker has 200 employees and $40 million a year in sales, expanded its work force by 15%. This year, Mr. Ross says, it plans to expand another 7%. He says Lesker's biggest problem is a shortage of skilled workers, such as welders and machinists.