

## Area business picking up for some companies Some still lack customers, others in the middle

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Richard Ryman Text H. Marc Larson Photography

Business is picking up for Wisconsin Film & Bag in Shawano. The recession probably is in the future still for Howard Immel Inc. of Green Bay.

Somewhere between these leaders and laggards lies everyone else trying to tell if the recession is ending or not.

The Federal Reserve said last week it expects the economy to improve in the coming months, but at a slow pace. Fed Chairman Ben Bernanke and his colleagues continue to believe that business sales and factory production will begin to recover gradually during the second half of this year. They also pointed to signs that the recession's grip was easing in the current quarter, according to documents released Wednesday.

Companies like Wisconsin Film & Bag, which make products for other manufacturers, tend to be on the leading edge of economic change, and company president Jim Feeney said orders began improving six weeks ago.

"I'm hoping it's a directional change and not a momentary blip as we ride across the bottom," Feeney said.

Howard Immel has remained busy throughout the recession because of the long-term nature of its big-building projects, but the pipeline is drying up, said Kelly Hafeman, president and co-owner.

"For commercial bidding, we are seeing it the slowest I've ever seen it in my career," he said. "We thought we were going to sneak by without this dip, but we're not. We are a trailing indicator, without a doubt. Our line really hasn't hit the recession, yet."

Reactions of other business leaders are across the board.



Jeff Warner, right, helps guide a packaging form Thursday on the production floor at Robinson Metal, 1740 Eisenhower Drive, Lawrence. The company says more quotes have been turning into orders in the past six weeks, a sign the recession might be weakening. Photos by H. Marc Larson/Press-Gazette/Matt Shimon welds electric motor covers Thursday at Robinson Metal. H. Marc Larson/Press-Gazette

Some are seeing more business, some are not, and everybody is waiting to see what consumers do, because they make up 70 percent of the economy.

Here is what area business leaders are saying:

### Wisconsin Film & Bag

Feeney said business fell off significantly in November, and December "was the worst month I've seen in the five recessions I've lived through," but the last six weeks have seen a solid uptick in orders.

The company makes bags and liners for industrial and food companies, and employs 106 people. It has a few job openings.

"I'm cautiously optimistic we are emerging. The increase in orders is definitely beyond (the seasonal) amount," he said. "We are bringing folks back, with a realization (the work) could disappear."

## Green Bay Packaging

Tom Herlihy, executive vice president of Green Bay Packaging Inc., Green Bay, said his company's seen a small upturn in the past six weeks, but he's less excited than Feeney.

"I don't know if it's big enough to be significant," he said.

Nationwide, corrugated box production is down about 10 percent, the most Herlihy can remember.

"We've got a long way to go to get back to where we were," he said.

## SMT Machine & Tool

Owner Russ Styczynski said quoting is increasing for his Howard-based company, but it hasn't led to big orders.

"We are doing a lot of short-turnaround stuff, nothing that's bigger projects," Styczynski said. "It could be a lot better, but it could be a lot worse."

Styczynski said competition is fierce, but he's trying to hold prices to a reasonable level.

"You can't staple hundred-dollar bills to skids going out the door," he said.

Clients are keeping equipment running rather than buying new, which provides work and maintains cash flow.

Styczynski is waiting for signs of recovery.

"To be honest with you, I really haven't (seen any). There's no big capital projects," he said.

## Associated Machine Design Inc.

Like SMT Machine, Associated's clients are focusing on maintenance and repair.

"They are trying to do some stop-gap measures," said

Jeffrey Taylor, president and chief executive officer of the design, engineering and manufacturing company in Ashwaubenon.

Quoting activity began to increase about one month ago, which is Associated's leading indicator.

"I'd love to see a couple industry leaders just say 'we are going to make some noise when somebody isn't.' You need the first domino to fall and things will turn around pretty quickly," Taylor said.

## Nicolet National Bank

Commercial lenders Mike Vogel and Eric Siudzinski of Nicolet National Bank in Green Bay said some of their clients are seeing more activity.

One of Vogel's clients had 140 employees going into September 2008, cut down to fewer than 70 at year's end, and this week will be back to 140, with a backlog of work equal to last summer's.

Vogel said companies doing global and regional business are faring better than those with only local customers.

"We still have a few that aren't there yet. If there is any increase in production, we should see some pretty quick turnaround, I think," he said.

Siudzinski said orders are increasing.

"It seemed like a lot of their customers were interested but didn't necessarily pull the trigger. I think what we are seeing now is some of the quotes turning into (orders)," he said.

He said companies with limited debt, strong cash flow and strong balance sheets are in the best position.

"There have been pockets of manufacturing segments that have been real solid throughout all of this because of specialty products, the quality of their businesses, the timeliness of delivery," he said. "Commercial construction is one sector I think has stayed strong this

year, but I think there is some concern in their backlogs right now. There's fewer jobs to be bid and more contractors bidding them."

### **Robinson Metal**

Darrell La Crosse, president of Robinson Metal Inc., said business has been fairly steady throughout the recession, but better during the past six weeks.

"We're seeing some of the quotes turn into orders," he said.

Robinson provides metal fabrication, machining, custom enclosure and heating and cooling services from its headquarters in Lawrence. Robinson avoided layoffs for its 350 workers, in part by not overstaffing when times were good. They've been able to hold onto workers by cutting overtime instead of jobs, La Crosse said.

"Now we are seeing the overtime come back. We are seeing some of the bigger companies spend some money and push forward," he said. "We've been doing a lot of quoting, but we've very seldom seen the bigger things turn into orders. We are hoping it turns into longer-term work."

### **Paper Converting Machine Co.**

The Ashwaubenon-based machine manufacturer is seeing interest in its flexopress equipment, which it's been promoting, said Michael Kwaterski.

"Those customers are willing to bank on what's coming up after the poor economy," he said. "The tissue business is a little slow. There's opportunities out there, but there is a lot of competition."

The company instituted furloughs for the summer as a proactive measure.

"An order today doesn't necessarily mean profitability a month from now. When customers start talking about it now, we may see an order in four to six months," he said.

### **Mary Morgan Inc.**

General manager Bryan Morgan said the Green Bay company is doing better than planned.

"Our book of work isn't as deep as it once was, but we are not running out of work," he said.

He said salesmen are finding new accounts and business has been looking better since March.

"I think everyone is still extremely price-conscious. We have to be very cautious in how we proceed with our estimating and any of our production," he said.

### **DeLeers Construction Inc.**

Paul DeLeers, director of sales and marketing for DeLeers Construction Inc., Bellevue, said his company had steady service and repair work throughout the winter, and in the last three weeks customers are beginning to commit to larger projects, both commercial and residential.

"Maybe people are starting to get a little more confident. A lot of our customers have been in fairly good shape from a financial standpoint, but they've been waiting for something to change," he said.

Now they are ready to go.

"We are seeing people wanting to sign contracts and saying 'let's get going now.' They don't want to wait," he said.

DeLeers did not lay off any of its 135 employees because of the recession.

### **Northern Concrete Construction Inc.**

Northern Concrete of Denmark said commercial bidding activity is up, while residential work is steady, though less than normal this time of year. Vice president Chad Kane is not convinced its because the recession is ending.

“The only reason we are seeing an uptick now is probably because it’s no longer winter time,” he said.

He said the company is bidding on a number of restaurants, auto parts stores and pharmacies.

Because people are not changing houses as much, many are putting money into their existing homes, which has helped the company’s pool business, Kane said. Also, Northern has traveled farther for work to ensure it stays busy.

### **Northern Electric**

Jim Conard, vice president of Northern Electric Inc., Green Bay, said stimulus money has been a deterrent.

“Government entities are trying to see if they would qualify for some of the stimulus money versus spending some of their local money,” he said. “This talk of shovel-ready projects, unfortunately, that’s a figment of the imagination, especially with the extra hoops these municipalities and other entities have to jump through.”

Conard said most of their work is for industrial customers. Commercial work is nonexistent.

He believes business will be flat for the remainder of the year, though he’s not a total pessimist.

“If you didn’t read the newspaper or turn on the radio, you probably wouldn’t think it’s that bad out there. You have to have a glass half full,” he said. “If it turns around in the fall, we could have the best year we’ve ever had, believe it or not.”

### **Howard Immel Inc.**

Howard Immel president Kelly Hafeman agrees the federal stimulus package is hindering the construction business.

“My personal theory is everybody is waiting for their stimulus check that might be coming. They are hoping they are going to get it and they’ve just tabled every project they are thinking of,” he said.

Immel remains busy, but with projects that were started last year. The pipeline for new projects is empty.

“We are fine through the end of 2009, but I’m seeing nothing that will take us through 2010,” he said.