



A WEALTH OF PRODUCTS

FROM CENTRAL NEW YORK

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IF YOU'VE EVER decorated your house with a Stickley Mission oak table or chair, had your eyes examined with an ophthalmoscope, or flown in an airplane with a cockpit equipped with an LCD panel, then you have benefited from the craftsmanship of the manufacturers nestled in the hills and valleys of Central New York.





Welch-Allyn's newly expanded headquarters in Skaneateles Falls boasts a fitness area, full-service staff cafeteria, and is expected to receive LEED gold certification. Photo courtesy of Welch-Allyn.

Long before Leopold Stickley and his younger brother, John George Stickley, began making Arts and Crafts furniture in Fayetteville in 1900, manufacturing was an important part of the economic landscape in the rural towns stretching from Skaneateles east to Cazenovia and south to Homer. By the early 1800s, there were saw mills and grist mills and factories making bricks, a variety of wooden furniture, woolens, carriages, and iron goods. These small manufacturing concerns were mostly gone by the early 20th century, due to a changing economy and advances in transportation.

Manufacturing grew and flourished in Syracuse, but it has declined since its peak in the 1960s. In Central New York's outlying communities, however, companies both large and small are making products as diverse in materials and technology as electronic switches for household appliances, medical diagnostic equipment, wooden palettes and crates, agricultural land rollers, inverters that power LCD (liquid crystal display) monitors, and custom hardwood flooring. A solid core of companies has continued to develop new

products and carve out a market niche with the help of a highly educated and skilled work force. Though they share similar complaints about operating a business in a state burdened with high taxes and energy costs, many business leaders agree that Central New York's advantages—its natural resources, universities, and access to markets—outweigh the obstacles.

"We have no problems recruiting people," says Julie A. Shimer, chief executive officer and president of Welch Allyn, a medical diagnostic equipment manufacturer that employs 1,300 people in Skaneateles Falls. "There are a lot of people who want to work in this area. We are surrounded by universities that have programs in the disciplines we care about—engineering, biomed, IT, and marketing. I think you could hardly find a place with more prestigious universities within an hour's drive."

Last year, Welch Allyn expanded its headquarters by building a \$30 million state-of-the-art addition, complete with a new fitness area and full-service staff cafeteria, which is expected to receive LEED (leadership in energy and environmental design) gold certifi-

cation by the United States Green Building Council. At the same time, Welch Allyn's work force numbers have rebounded back to pre-recession levels, following some minor restructuring.

The roots of innovation at Welch Allyn were established almost one hundred years ago, when the founders of this closely held, family-owned company developed ground-breaking technology that improved medical care and was commercially viable. The company has continued to be an international leader in the medical instruments field; and it has demonstrated innovation in another area as well, with its approach to corporate social responsibility. In addition to shipping significant donations of instruments and supplies directly to disas-

ter relief organizations worldwide, employees are encouraged to volunteer their time to local community projects. Every fall there is an annual Community Day, when employees may choose to spend a full work day in community service.

Adhering to the goal of bringing in the best leadership available, the company named Shimer to become its chief executive in 2007, after she had served on the company's board of directors for five years. Shimer became the first woman to lead Welch Allyn in the company's 96-year history. A native Minnesotan, Shimer originally came to New York to earn a physics degree from Rensselaer Polytechnic Institute. She received a doctorate in electrical engineering from Lehigh Uni-



The Stickley shop in Manlius completes all phases of furniture production, including, clockwise from upper left: spraying a pre-stain on a nightstand; Tracy Eddy measures a part on a computer-controlled machining center; Terry Cooper, left, and Ron Wean, right, work on a Collector's Edition wedding mirror; Steve Hayes fitting a drawer front.

Working at Stickley: a Manning Family Affair

Twenty-nine years ago, Beverly Manning had just started work as an assistant bookkeeper at L. & J.G. Stickley, Inc. when she noticed a man working outside her office every day. She doesn't remember actually meeting him, but soon found out his name was Douglas and he was assigned to the shipping department.

"I doubt that we were even introduced," says Manning, now Stickley's human resources coordinator. "It was several years later before we even connected."

The connection between Beverly and Douglas eventually turned into matrimony nine years later. It was 1991, and Beverly suddenly found herself related to four Stickley employees.

"It's comforting and it's scary all at the same time," Beverly says of her family ties at the furniture manufacturer. "You think, 'What if something happens to the company?' But we all feel comfortable working here."

The longest-serving Manning is Cynthia, now 81, who started in 1961 as the only office support for the Stickleys. Cynthia, Douglas's mother, still works at the Manlius headquarters as a part-time data entry specialist for the customer service department.



The Manning family has logged a total of more than 166 years in service to Stickley.

In 1982, the same year Beverly joined Stickley, Eric Hamilton — Cynthia's son-in-law — took a job in the trim department. Then a year later, Michael Panzone — Beverly's son from a previous marriage — started working in the shipping department during weekends in high school. He is now a returns coordinator tracking furniture that comes back to the warehouse.

All told, the Mannings have logged more than 166 years in service to Stickley.

Besides their work, they all have something else in common: houses full of Stickley furniture.

"It's hard to buy something else, because once you're working with Stickley furniture, you see the quality of it," says Hamilton. "When you go out and see something else, you say, 'I'd rather buy Stickley furniture.'"

versity and worked in key positions at several major corporations. She came to Welch Allyn after serving as president and chief executive officer of Vocera Communications in Cupertino, California.

The story of strong leadership at L. & J.G. Stickley, Inc. is similar. When Amini I. Audi and her late husband, Alfred, who co-owned a Stickley showroom in Manhattan, bought the company from Leopold Stickley's widow in 1974, the work force had shrunk to 25 employees. "The odds were 1 in 10 that we would succeed," says Amini Audi. "It was so far gone. There were very few of the original craftsmen still working."

The Audis gradually built up the company, expanding its work force to 1,500, moving the factory from Fayetteville to Manlius, and expanding its footprint to 425,000 square feet. While many furniture manufacturers either downsized or went out of business during the economic downturn, Stickley did not lay off any employees and continued to operate two full-time shifts. Today, more than 36 nationalities are represented in its work force, which includes many multiple-generation families.

Despite opening plants in North Carolina and in Vietnam, more than 60 percent of Stickley furniture is manufactured in Manlius. Besides its loyal work force, Audi says a key advantage of remaining in Central New York is the proximity to the natural resources used in its furniture fabrication—native Adirondack cherry, one of seven types of wood that are milled, glued, sanded, and finished on the assembly line.

"We stay here because our roots are here," says Audi, whose son Edward is executive vice president of manufacturing. "We are very personally committed to New York State, and we are close to some of the resources that we use. But in general, I would say New York State is not very business friendly. If it weren't for our commitment to New York State, we would not have stayed."

For decades, large companies, such as Marquardt Switches, Inc. in Cazenovia, have dominated the manufacturing sector in Central New York. With more than 400 employees, Marquardt produces sensors and switches for household appliances, automobile components, and power tools. Yet in the future, smaller companies will increasingly play a key role in the growth of manufacturing in the region.

"As manufacturing changes, it is becoming something that is done more typically in smaller shops and with smaller employee counts," says Rob Simpson, president and chief executive officer of CenterState Corporation for Economic Opportunity, a Syracuse-based nonprofit growth organization that serves



Kennedy Hardwood of Preble manufactures trim, hardwood flooring, and utility sheds. At top, owner Scott Kennedy adjusts the blades of a planer. In the bottom photo, Vernon Rowley and Fred Waite, Jr. (along with mascot Ruger) prepare to process another stack of lumber.

twelve counties in the region. “I think the vast majority of any region’s business growth is going to come from growing your existing businesses.”

Helping smaller companies expand instead of trying to attract large manufacturers is a strategy that is succeeding in Cortland County, where three new companies started operations in the past year, bringing nearly 100 jobs to the county. The companies are Crown Industrials in Cortlandville, which produces transmission components; Pyrotek Inc., in Cortlandville, which makes foundry materials; and Glyph Production Technologies in Cortland, which manufactures hard drives for the music industry.

“There’s a saying: ‘If you bring them in, they’ll leave, but if you grow them, they’ll stay,’” says Bob Haight, executive director of the Cortland County Chamber of Commerce. “That’s what we’d rather work with — our local firms that are putting on five or ten jobs at a time. We really aren’t going after major companies that could bring in hundreds of jobs. We don’t see that as a long-range solution for us. Incentives will run out and you’ll lose those people.”

One small manufacturer that is growing after weathering the recession is Applied Concepts Inc., an electronics firm that opened in Tully in 1998. The company, with 33 employees, assembles inverters that

power LCD panels, which are used in public safety, the military, aviation, and ground vehicles.

Applied Concepts' annual sales are increasing, says Gary Nelson, the firm's president and chief executive officer. In contrast to the much larger Welch Allyn, Nelson admits that the biggest obstacle he faces as a small manufacturer is attracting qualified engineers. "Once they hear upstate New York and the weather and the snow, it makes it difficult," Nelson says. "Unless you're from the area, you don't really appreciate it."

For Nelson, who grew up in Homer and attended SUNY Geneseo, the quality of life in Central New York couldn't be better. "We don't have all the problems that the bigger cities have. We don't have the traffic. We don't have the hustle bustle of the bigger cities. I'm from the area and I wouldn't live anywhere else."

Another major advantage for manufacturers in the region is their location near major highways, which provide easy access to metropolitan markets in the East. Homer Iron

Works, a twelve-employee company that makes agricultural equipment such as land rollers and sand bed levelers, now ships its products all over the eastern seaboard. "Just by expanding our territory and where we're able to ship our product has allowed us to continue to grow," says Michael Park, the company's owner.

Retooling product lines to meet market conditions has allowed other companies to thrive. Scott Kennedy, president of Kennedy Hardwood in Preble, which employs five people, notes that the main source of his business used to be storage sheds. But when he found it difficult to compete with sheds produced by the Pennsylvania Amish, who have tax-exempt status, he switched the bulk of his manufacturing to hardwood flooring.

Now sales are growing and Kennedy finds the region


compatible with his company's needs. "We use mainly northern hardwoods and this is where they grow," he says. "I'd have to have a lot of lumber shipped if I were in a different part of the country."

With the election of Governor Andrew Cuomo, who has called for reduced state spending and a property tax cap, many see hopeful signs that the business climate is improving. In its 2011 economic forecast, based on interviews with 106 executives, the CenterState Corporation projects that employment in its twelve-county area, stretching from St. Lawrence County to Tompkins, will grow over the next year.

"It seems like for the first time in recent history, we have a state senate, an assembly and a governor who are all on the same page," says Haight, of the Cortland County Chamber of Commerce. "We are looking forward to a good climate for manufacturing in Central New York."

Though major manufacturers such as Stickley and Welch Allyn have

built facilities overseas, in part to take advantage of lower labor costs, the trend of outsourcing manufacturing jobs may also be reversing as companies try to locate closer to their markets.

"My sense is the cost driver of the future is going to be fuel," says Shimer of Welch Allyn, which has plants in Germany, Ireland, and Mexico. "If the fuel differential is more than labor or other components, then I suspect what will happen is that all manufacturing companies will be driven to produce their products closer to their markets. We're already seeing in a general sense manufacturing coming back from China to the U.S. because it's expensive to ship stuff to China and back and forth. So I think the long-term prospects for New York are very good." 

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