

INTERVIEW WITH CLIFFORD LAWTON

Aerospace manufacturers riding the roller coaster with optimism

Clifford Lawton is president of Windsor-based CBS Manufacturing Co., a family-owned job shop to the aerospace industry. Previously, he worked at Combustion Engineering in its accounting, operations, audit, and production departments. He also spent two years as controller at California-based Metal Bellows Corp.

As a manufacturer, you see firsthand whether the little guys, like subcontractors, are busy or not and how busy your clients are. What do you see and how strong is the economy in Connecticut and nationwide?

C.L.: Right now I am hopefully optimistic. We are hearing a lot of things in other parts of the country of getting busy, but we haven't seen it here yet. There are some glimmers of hope. We see a definite pick-up on the military side, and we're starting to see it a little bit

on the commercial side.

We see a couple of our major customers getting busy. One is picking up considerably, particularly on the military side. We've seen one customer's product line that we make parts for increase by 50 percent over a year ago.

On the other hand, we see customers offloading work to international sources. I consider it a bad situation because it's going from U.S. ground to international ground, but that's what the customer says he needs to do to remain competitive.

Manufacturing has been leaking jobs for a long time. Do you see any possibili-

ty that the course will be reversed, and, if so, how?

C.L.: We employ approximately 30 employees. That is down from the upper 40s approximately three years ago. We are down considerably.

In terms of growth right now, we're probably looking at staying stable over the next six to nine months. Beyond that, it's still questionable.

There are a couple of things going on right now. In the state of Connecticut we have formed a cluster, called Aerospace Components Manufacturers. That's a grouping of about 43 companies within the state. That group is working to driving costs down through lean manufacturing initiatives, which in turn is taking cost out of the product.

What we're trying to do is take a look at non-value-added costs, like overhead and scrap and rework — parts that the customer won't procure because they're not to blueprint — and drive them out of the product through reduction and elimination and finding more efficient ways to manufacture, and basically streamlining operations.

That is helping us win some work back, although there's still a very big gap between us and some international sources. That's due to the fact that we're not working on a level playing field. But in the meantime, our cluster is actively working at training employees, and that's been in cooperation with both the state and federal government. The federal government picks up 25 percent of the cost, and the state picks up another 25 percent, and we pay the rest.

But with that cost-sharing arrangement, we are able to train quite a few employees across the state.

If inflation takes hold, as it seems to be

doing, will that help or hurt manufacturers?

C.L.: That is going to hurt manufacturers across the board, and we're seeing it in the cost of materials and the cost of shipping. Those are costs we typically can't pass on to customers.



LAWTON
... CBS owner.

With our customers we are in a deflationary environment, where we have to reduce prices year after year.

I believe it's going to drive businesses out of business. We've seen shakeouts like this in the past, although it typically happens in a downturn environment, but due to the upturn in the economy, we see most companies should be able to withstand the price increases, seeing margins decline.

Will higher interest rates hurt the sectors of your business that require borrowing?

C.L.: Yes it will. In terms of capital equipment purchases, right now we've had a very nice environment, but because of a downturn in our type of business we did not invest as heavily as we normally would have in an upturn. But now with the upturn, the key is to acquire the capital equipment while the interest rates are still low.

That sounds good for the overall economy, doesn't it?

C.L.: It will if the upturn continues. I'm hoping the nationwide upturn comes here to Connecticut soon.

What's your prediction of how the economy will do through this year and next year?

C.L.: I'm hopefully optimistic that things will improve. We're seeing signs in other parts of the country, and Connecticut does typically lag the rest of the country.

How much does the international chaos — especially in the Middle East — bother you?

C.L.: From a personal side it bothers me, and from a business sense it does hurt. Though we have seen an increase in military business, it has not offset the decrease in commercial business.

How do you rate Connecticut as a place to do business?

C.L.: Fair. I would wish to see a lower tax burden on corporations, yet I am grateful for some of the help we are getting in retraining our employees.

You're an investor in the stock market. Are you confident that the market will go up over the short and long term?

C.L.: I am hopeful that the stock market will go up both in the short term and long term — in the short term due to the economy picking up, and I've always had confidence in U.S. industry in the long term.

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