

## Local firms stand tough vs. factories in China



**Harold Brubaker**  
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As the United States was coming out of the 2001 recession, China's emergence as a manufacturing power terrified U.S. factory owners.

They quaked when they heard that Wal-Mart Stores Inc. was spending \$10 billion a year on Chinese merchandise to stock its U.S. stores. Talk of an infinite supply of \$100-a-month labor in China made it seem as if there were no future in making things here.

"We were scared to death," Bill Stockwell, president of Stockwell Elastomerics Inc., in Northeast Philadelphia, recalled last week. "I remember around September 2003, I remember it well, I was sitting there thinking this must be what it's like to be going out of business soon."

U.S. importers and consumers couldn't resist cheap goods from the Asian giant. That boosted the flow of Chinese goods to the United States from \$100 billion in 2000 to nearly \$200 billion in 2004 and contributed to the loss of three million U.S. factory jobs.

In the Philadelphia region during the same period, 62,000, or 21 percent, of the manufacturing jobs disappeared. In percentage terms, the region's losses were bigger than the nation's which registered a 17 percent decline in manufacturing jobs. Now, as the United States emerges from the worst economic downturn since the 1930s, China still looms large, but the mood among manufacturers is different than it was in 2003.

"There's probably a little more grim determination than there was before, when we were afraid our time had passed," said Stockwell, who recently added a fourth cutting machine to his factory, which makes rubber components for high-tech equipment.

China is still putting U.S. manufacturers out of business, but "I think the fear is probably less because it's not happening at the same rate," said Ernie Delaney, owner of Probes Unlimited Inc., a Lansdale manufacturer of temperature sensors for

scientific, cooking, and other equipment.

Another factor, said Delaney, who employs 30 and has not laid anyone off during the recession, is that the surviving U.S. manufacturers are toughened and ready to battle the Chinese.

"I think I can compete with them as long as we're asked to meet the same standard," Delaney said. Right now, Probes Unlimited, founded in 1992, even ships to two customers in China.

At a recent event sponsored by the Delaware Valley Industrial Resource Center, Delaney explained how his company has used "lean" manufacturing practices to become more competitive and to boost its output 90 percent since 2004 without adding workers or space.

Lean refers to the elimination of all sorts of waste from manufacturing. For example, Probes Unlimited standardized production methods in a way that reduced the variety of setup operations needed to make its products, from several hundred to five or six. That simplification helped cut the amount of work-in-progress on the factory floor to \$35,600 from \$500,000, Delaney said.

Those savings give Probes Unlimited money to invest in new products and new customers.

While Delaney and Stockwell are finding ways to hold their own against China, China itself is contending with stiffer competition from other developing countries, because some parts of China have become more expensive, said Mark Fishman, president of Fishman & Tobin Inc., a Conshohocken children's-clothing company that makes products all over the world.

"I can't make things around Shanghai anymore. Ten years ago, I could," he said. Meanwhile, Vietnam has become "a wonderful place to make apparel," and "India is way more competitive today," Fishman said.

That's how fast the world changes these days. Don't expect Philadelphia to become the next hot spot for manufacturing, but Delaney and Stockwell are finding ways to keep some of it here.