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Northern Michigan Economy: Job Creators

Resilient small towns and a gorgeous natural backdrop- Northern Michigan is a hotbed for businesses ready to move on from statewide economic troubles

Jun 20, 2013 Jeff Smith

Northern Michigan Economy: As Michigan shakes off the Great Recession, we take a look at eight companies destined to play a growing role in Northern Michigan's 21st-century economy.



CloudAccess.net

Though CloudAccess.net started just five years ago- the brainchild of Gary Brooks, who grew up in East Jordan- the company has already risen to become something of a player on the global Internet scene. In the broadest sense, the company is a "Platform as a Service (PaaS)" provider, offering software, hosting and support, and helping other people build their websites. But more specifically, and this is the important part, the company is a leading provider for websites built with a popular software, called Joomla, and is the world's official Joomla demonstration site, endorsed by Open Source Matters, the nonprofit organization that guides the Joomla Project (Joomla, as open source, is ruled by a board, not a company). Among CloudAccess.net customers are the likes of Boston's Children Hospital, Notre Dame University, Barnes & Noble and VideoRay, says Charlie Hague, CFO.

Internet companies are famous for achieving a big presence without a big employee footprint, and such is the case with CloudAccess.net. The company currently employs 35 people, about 15 in Northern Michigan and others in Poland and India. The company's main data center is in Michigan, but the firm also maintains servers and data centers at strategic spots around the world.

In Northern Michigan, CloudAccess.net recently purchased a former middle school near Cheboygan as a support center and staffed it with five new hires. The company also sees value in partnering with regional colleges, and

invited North Central Michigan College to set up courses for a number of degree paths in part of the building. Looking forward, CFO Hague sees striking the delicate balance of hiring enough to meet demand and keeping clients well served while not outpacing the rate of revenue growth.



Summer Hency, Billing Accounts Manager (Hired: June 2012)

Materne USA

France-based Materne company was already more than 100 years old when, in 1998, it launched a product in Europe called Pom'Potes, re-sealable, individual-sized pouches of organic applesauce. Turned out people loved Pom'Potes, and a decade later the company was looking to expand and tap into the U.S. market with the same product but under the North America-friendly name GoGo squeeZ. As a home for the U.S. production facility, Materne chose a beautiful place in mid-America set amid one of the premier apple and fruit growing regions in the nation: near **Traverse City**, in Northwest Lower Michigan. Materne paired up with fruit processor Cherry Growers, Inc. to smooth the U.S. entry and set up production lines at the company's plant.

In January 2011, Jack Bebernes, human resources director, became Materne's first U.S. onsite employee in Traverse City, and he quickly set about hiring people. GoGo squeeZ found rapid acceptance in North America- it's sold at Target, Wal-Mart, Whole Foods, Walgreens and grocery stores all across the continent- and the company already employs 125 people at the site, operating four production lines. Bebernes expects the plant to build four more production lines by the end of 2013, and be fully staffed at about 180 people. (The general manager is the only French national working at the plant.) The production lines make extensive use of robotics and computerized processing, so the skill sets of new hires are not always typical for the food processing industry. "But we can train people, and what we really need are motivated individuals," he says.



Kelly Merrifield, Operations Associate (Hired: January 2013)

Magna Interior Trim

Magna International is no secret to the world. As a global giant with more than 119,000 employees and \$30 billion in annual sales, it is the largest auto parts supplier in North America and was one of the suitors bidding for Chrysler back in 2007. But the company is new to Northern Michigan—something that happened in early 2011 when it purchased a company in Benzonia that specialized in the fabric trim work for high-end automobile interiors (high profile project: the Tesla Model S, 2013 Motor Trend Car of the Year). On the verge of bankruptcy, the acquired company was slated to be closed in May 2011, and when Magna purchased it, the plant was bringing in about \$5.5 million a year in business, explains Joe McCluskey II, who played a lead role in putting the acquisition together and is general manager of Magna Interior Trim Components.

When assessing the acquisition, a key point in McCluskey's mind was the presence of a Northern Michigan small town work ethic and the depth of experience in the longtime workforce. Those characteristics have proven a good bet. The plant more than doubled revenue in 2012, to \$12 million, and McCluskey sees remarkable growth ahead: the revenue target for 2015 is \$55 million.

Hiring, of course, will have to keep pace to match that kind of growth, and McCluskey says Magna is only happy to make the investment. "We want to make a commitment not just to the plant, but to the entire community," he says. And having a Northern Michigan location gives back to Magna in other ways too. It turns out that customers and Magna staff love opportunities to visit the Benzonia location. "We have people stay at Crystal Mountain, so there's golf, skiing—Up North is a huge draw," he says.

Graceland

Founded on a quiet back road of Benzie County back in 1973, Graceland Fruit has grown to become one of the world's largest providers of infused dried fruit, like cherries, cranberries, and blueberries. Still entirely in Benzie, the company now has two plants there and employs about 190 people, says Doug Rath, human resources manager. The company's growth line leveled off in 2012, when 90 percent of the cherry crop in Northern Michigan failed following a freakishly early spring warm-up and then a hard frost that killed the too-early buds. To keep people employed and the cash flowing, Graceland rushed to bring in more cranberry business and, remarkably, did not lay off any workers.

Assuming spring 2013 is kinder to Northern Michigan fruit, Graceland should see a growth year. The company has two production lines, which are both operating near capacity, so growth strategies will focus on working to be more efficient, bringing some dormant equipment into production, and putting more product through those lines. Rath expects hiring to result as the company sees moderate but steady growth- possibly four to eight positions in 2013- and as longtime employees begin to retire in coming years. The company will be looking for people with problem-solving attitudes and mechanical aptitude.



Brian Nostrandt, Production (Hired: January 2013)



Maggie Shembarger, Production (Hired: February 2013)

EJ

One of the quieter but most remarkable business success stories in Northern Michigan has been playing out since 1883 at a company that until last year was called East Jordan Iron Works, but which now goes by the name of EJ. Today EJ is a global company with subsidiaries in Canada, Mexico, Central and South America, Australia and Europe and sells to nations around the planet, but the core business remains rooted in the product line that propelled it throughout most of the 1900's: access covers- commonly called manhole covers, but the product line is much broader than that. "We provide access to whatever is buried underground all around the world," says Tom Teske, vice president and general manager. EJ employs about 2,200 worldwide and about 470 in East Jordan.

The shape and growth curve of today's company can be traced back to the recession of the 1980s, Teske explains. Until then, the firm had been happy to be a Midwestern foundry making mostly manhole covers and fire hydrants. But the early-80s recession hit hard and forced the company to think bigger in order to survive; the challenge came just as the Malpass family was transitioning to the fourth generation of ownership. The spirit of growth and a strategy of targeted diversification became part of the company's culture, still nurtured by fifth generation members working there. "Our goal is to always have more products targeted to the existing client base," Teske says.

The results of that strategy are visible in the kinds of skill sets the company is looking for these days. Global business means a globally savvy marketing strategy and accompanying website. "We've hired new marketing people and a graphic designer, and we are beefing up our web skills to handle the multi-lingual, multi-currency business we do," Teske says. And of course, EJ is amping up the digital aspects all around: more backend IT support, CAD/CAM expertise, people who can work with programmable mills. But as a foundry-

based company, EJ also still stands squarely in the 3-D world of things like molten metal. "We need electricians," Teske says. "And in foundries, the biggest department is often the maintenance department."

Munson Medical Center

It's impossible to live in Traverse City and not be aware of Munson Medical Center's expanding footprint in recent years. A new emergency center opens. A new cardiac care tower rises. Bulldozers scrape bare a street-corner lot to make way for a new cancer center. Such expansion has boosted Munson's employee count to roughly 4,000 today, making Munson one of the largest employers north of Grand Rapids.

Munson has a low employee turnover rate, 8 percent, but even at that, the HR department filled 373 positions for Munson Medical Center last year. Add in the other entities, and Munson ended up hiring 557 people in 2012, including 113 nurses and 139 nursing assistants. But getting in is still not easy: Munson processed 20,000 job applications last year.

When Human Resources director Jeff Rose and clinical recruiter Gina Ranger look ahead, they see needs arising as new skill sets are demanded by the evolving health care industry. One notable area is clinical documentation specialists, people who closely track the services a patient receives and makes sure all the appropriate diagnostic codes are recorded so reimbursement to the hospital is as complete as possible. The other noteworthy staffing challenges on the horizon are planning for replacements of longtime staff as they retire in coming years and adjusting to the impact of healthcare reform.

And like hospitals across the nation, Munson is in the very competitive hunt for specialized medical staff like surgeons and cardiac care nurses. Fortunately for the recruiting staff, Munson has a great story to tell, having been named a **Top 100 hospital** more than nearly any hospital in the nation and being situated in a beautiful place. "We spend tremendous energy telling that story," Rose says.

American Waste

One man. One garbage truck. Kalkaska location. Those were the beginning components of American Waste way back in 1971. The corporate story has had a number of twists and turns since then, including selling the entire company, then buying back some. But the upshot is that today, American Waste employs 350 people and is comprised of two divisions- a waste hauling and recycling division, and an environmental and industrial services division.

The company has received a good deal of statewide attention recently as it has revealed the remarkable recycling rates it achieves from municipal solid waste. Thanks to a state-of-the-art sorting line that the company built in a giant former auto parts factory in Traverse City, the company can accept bags of regular household garbage and reclaim up to 50 percent of the waste, a rate that puts it near the top of the industry nationwide. "Only two other companies in Michigan are doing recycling from municipal solid waste," says Kelly Ignace, director of marketing.

As for growth in hiring, half of American Waste's employees have joined the company in the past 24 months. While future hiring might not quite match that pace, Ignace expects hiring as the company expands into new markets.



Matt McCormick, Customer Service Representative (Hired: February 2013)

Great Lakes Stainless

Terry Berden started Great Lakes Stainless in 1995 as an offshoot of his original refrigeration company, but by 1998, the stainless operation had outgrown the parent company, and in 2012, Berden sold the refrigeration business to allow him to expand the scope of the stainless business and to focus on bigger and bigger stainless clients. Today Great Lakes Stainless operates in four key areas: commercial food service, custom projects, buffing and polishing and airline terminals. From its headquarters near Traverse City, the company has seen remarkable success in landing household-name clients. Great Lakes Stainless worked on stadiums for both the Kansas City Chiefs and Royals, and has worked on high profile airline terminal installations (think stainless ticketing counters and baggage carousels) like London Heathrow Airport. Berden also co-founded a company, Healthy Energy Resources, to produce a device targeted for schoolrooms that heats, cools and purifies room air. Called Aristotle-Air, the unit can reportedly achieve energy savings up to 40 percent while reducing the spread of classroom illnesses.

When the company first purchased its 50,000-square-foot plant near Traverse City, Berden wondered how his crew would ever fill it, but recently the company added 10,000 square feet. Along the way, the company's workforce has grown from 34 in 2005 to 61 today. Looking forward, the company expects growth to derive from the Aristotle-Air rollout and from a new division that focuses on custom millwork for airlines. Hiring will follow suit, with a growing need for cabinetmakers and assemblers.

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