

Manufacturing alive, well in Holland area

Furniture, powerboats fuel growth

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BY TOM WALSH

FREE PRESS COLUMNIST

HOLLAND -- Thinking of Holland and nearby towns along the Lake Michigan shoreline naturally conjures images of tulips -- festival time is near -- and artsy shops and summer tourists in beachwear.



Look a little closer, though, and you'll see the cranes and bulldozers in and around Holland, Zeeland and the other corners of Ottawa County. Listen for the hum of factories churning out chairs, desks, windows and doors, million-dollar powerboats and 97% of the world's auto-dimming mirrors for cars and trucks. These are the sights and sounds of an emerging growth region in a Michigan economy that sorely needs the boost.

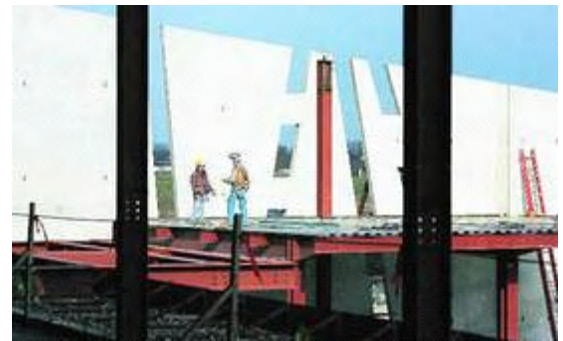
It's not a story of one hot new company or industry sector, but rather a concerted effort by private industry and civic leaders to revive a diverse local economy that was badly shaken at the start of this decade.



And it's an uptick in manufacturing, not service jobs or the seasonal influx of tourists, that's helping to drive the growth. Some examples of what's going on there:

- **Haworth Inc.**, the Holland-based office furniture maker, is midway through a massive headquarters expansion that will add 50,000 square feet, provide daylight exterior views to virtually every office and add an enviro-friendly vegetative roof of similar scale to that topping the Ford Motor Co. Rouge plant.

- **ODL Inc.** of Zeeland, despite a national housing slump, is running its local plants flat-out on two shifts, 20 hours a day, making door-glass blinds, skylights and other building products. Jeff Mulder, grandson of founder Cy Mulder, said the firm's sales have grown from \$100 million in 2000 to \$260 million last year. It has 450 employees in Zeeland, about the same number in a



Mexican plant, and buys blinds and decorative glass from suppliers in China.

- **Tiara Yachts** of Holland chose to consolidate its powerboat manufacturing in one location by closing a North Carolina plant and spending \$14 million to expand its Holland plant by 60%. It will add 90 workers in a first phase and up to 300 more workers later as it applies robotics and lean manufacturing methods to boat production.

Population boom

Population in the region is increasing faster than almost anywhere else in slow-growth Michigan. That's a big plus when pitching to attract companies with ambitious growth plans -- the promise of a community that's an attractive place to live, with a growing population that skews younger than most places. Ottawa County grew 19.5% in the 1990s, faster than any other Michigan county of more than 100,000 people, and it continues to grow much faster than the state overall.

ADDITIONAL INFORMATION

Holland-Zeeland area at a glance

Ottawa County population gain (2000-06): 7.6%

State of Michigan population gain (2000-06): 1.4%

Young people: Population ages 25-44, Holland-Grand Haven lakeshore (+12%), USA (+3%), Michigan (-6%)

New investment, Ottawa County: \$400 million in 74 projects in 2005

Jobs in Ottawa County: 1,000/year increase 2002-06

Jobs in Michigan: 35,000/year decrease 2002-06

Tulip Time is coming! Holland's annual Tulip Time Festival, named best small-town festival in America by Reader's Digest, is May 5-12 this year. For details and event schedule go to www.tuliptime.com.

Even Toyota Motor Corp., which has a big technical center in Ann Arbor but no production facilities in Michigan, has been exploring the Holland metro area -- population 112,000 -- as a possible site for an engine plant. Neither Toyota nor local development officials will discuss it, however.

Like most of Michigan, the Holland-Zeeland area took a beating at the start of this decade. Just as Detroit's automakers and major suppliers hit the skids on the other side of the state, so did the office furniture giants of west Michigan -- Steelcase Inc. of Grand Rapids, Haworth of Holland and Herman Miller Inc. of Zeeland. All three companies saw sales plunge by 40% to 50%.

The office furniture shakeout, along with some auto industry fallout affecting Johnson Controls Inc., which has a big presence in Holland, led to the loss of about 7,000 local jobs in 2001 and 2002.

In late 2003, local business and government leaders, alarmed by the big layoffs, created Lakeshore Advantage, a local economic development agency and business incubator. Since then, while Michigan overall has continued to lose jobs, Ottawa County employment has risen by about 1,000 jobs a year for four consecutive years.

Randy Thelen, a former Michigan Economic Development Corp. staffer, was named president of Lakeshore Advantage in early 2004. Thelen said about 75% of his agency's financial support -- and lots of volunteer time -- comes from a committed group of local entrepreneurs and private businesses.

Power of brainstorming

A focus on innovation, no matter what the industry, is part of the business mantra there. Leadership in just one major product such as the auto-dimming mirror -- of which Zeeland-based Gentex Inc. and Holland-based Magna Donnelly sell a combined 97% of the world's output -- adds up to nearly 4,000 jobs in Ottawa County.

The office furniture shakeout was painful, said Matt Haworth, grandson of the late founder G.W. Haworth and now systems group manager of the firm. But it also inspired the company leaders to brainstorm intensively about how work and workspace will change during the next 20 years. Haworth is hiring again, although sales remain below the \$2 billion achieved in the peak year 2000.

What Lakeshore Advantage is not trying to do is predict the next hot new industry or shooting-star company. "We think the diversity of our economy is a strength," Thelen said.

So, too, are labor and utility costs.

Manufacturing wages at the mostly nonunion plants in the Holland area tend to run in the \$13- to \$17-per-hour range. Todd Hoekenga, 44, a 22-year employee at ODL who was applying a sealant to door glass last week, said he makes \$16.66 an hour. "ODL used to be in the middle; now we're one of the better payers around here," he said.

Power costs, Thelen said, run about 15% below the state average because both Holland and Zeeland have municipal utilities.

"And it's also nice to be able to work alongside a big lake, a place where a lot of people choose to come for vacation," he said.

Boat builder charts a different course For starters, it opts for Michigan's higher-wage labor

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BY TOM WALSH

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HOLLAND -- It's a rare thing these days to hear about a company choosing to close a plant in North Carolina so it can expand a plant in Michigan, where wages are 10% higher.

Also unusual is hiring a lean-manufacturing expert, who learned mass-production efficiency at the altar of Toyota Motor Corp., to apply his talents to the much slower quasi-custom-building process of making million-dollar powerboats.

But no one ever accused the Slikkers family of being usual.

Tiara Yachts, a division of S2 Yachts Inc., is one of an eclectic group of companies that are expanding and adding hundreds of new jobs in the Holland area along Lake Michigan's shoreline. Tiara was one of several boat builders founded since the 1950s by Leon Slikkers. Eldest son David Slikkers is now CEO of S2, son Bob runs Tiara, son Tom runs the Pursuit fishing boats unit of S2 -- and the Slikkers family has bankrolled the Velo City Cycles bicycle shop in Holland.

At a community open house last week to celebrate the 300,000-square-foot expansion of the Tiara Yachts plant, Bob Slikkers told the crowd that as Tiara brought new technology and lean-production methods to making powerboats, it didn't make sense to try to simultaneously train two separate workforces in Holland and in Swansboro, N.C.

So even though labor was cheaper in Swansboro and the North Carolina plant was closer to Tiara's largest market for the big boats -- Florida -- the Slikkers family opted for Holland because of the capabilities of the workforce. Plus, the Michigan Economic Development Corp. and the City of Holland kicked in \$7 million in tax breaks and job-training grants.

Putting its entire Tiara production into one 800,000-square-foot plant has brought about 90 new jobs to Holland, for 730 total, and could push employment to 1,000 in a few years. It also means the company will be building boats ranging in size from the 29-foot Coronet (\$140,000 retail price) to the new 58-foot Sovran (\$1.5 million base price).

The expanded plant is designed to implement a lean-production manufacturing system introduced to Tiara by automotive industry veteran Russ Scaffede, who was vice president of powertrain operations at Toyota's Georgetown, Ky., plant in 1988-93. He later worked at what is now the Magna Donnelly auto parts plant in Holland.

The lean-production principles are the same -- eliminate waste, shorten production time -- in a boat plant or a car plant. But the speeds are really different. In an auto plant, the so-called takt time -- which governs how much time is allotted to each task on the assembly line -- might be 45 seconds. On a Tiara line, depending on the size and complexity of the boat, takt time might range from four hours to 16 or 20 hours, Scaffede said.

An unusual operation all the way around.

