

Built in America: Jobs and Growth in the Manufacturing Sector

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Summary

- Jerl Machine, Inc. was built by Robert Brossia forty-five years ago and remains a family business catering to a variety of industrial concerns
- Jerl's core competencies include tight tolerance machining, CNC mill and lathe operations, major machine sub-assemblies, bending, and welding
- During and after the Great Recession, Jerl was forced to scale back production by shutting down its third shift and laying off employees in response to lack of work from our core customers
- The past year has seen a production resurgence, much of which Jerl attributes to the Tax Cuts and Jobs Act
- To date, 2018 has seen Jerl's highest sales growth and highest profit margin on record, allowing us to reinvest in our employees, new machinery, and training
- Jerl's growth is hindered by a lack of skilled labor employees to fill current open positions, and the situation will only be exacerbated by the looming retiring workforce
- Renewed funding in schools for students to experience and learn about the trades is a necessity for the survival of manufacturing

Built in America: Jobs and Growth in the Manufacturing Sector

Robert “Bob” Brossia started Jerl Machine, Inc out of his garage in 1973 with a healthy knowledge of machine repair and inner workings, some hand tools, and a single drill press. Bob had worked for several machine shops, conquering every task from cleaning and sweeping to shop supervisor, but nothing felt quite right. He watched his bosses make the same decisions while expecting different results and knew he could do better. Bob wanted to make his own rules, and create a legacy to provide for his wife, four children, and inevitable grandchildren like me.

Jerl Machine was incorporated in 1975 with Bob at the helm, his wife Eileen at his side and two daughters running the office. Today, Bob is still CEO, his daughter Carol is company President, and several other family members, myself included, round out the workforce. Jerl is known for quality precision metal working and tool making for a diverse group of industrial and manufacturing customers. The company core competencies include tight tolerance machining, major component sub-assemblies, CNC turning and milling, bending, and welding. Jerl prides itself on its highly skilled workforce of tool makers and engineers, and strives to treat each of its sixty-seven employees like family by offering competitive wages and generous benefits including health and life insurance, paid vacation and holidays, profit sharing and matching 401k contributions.

Bob has never been afraid of technology, change, or expansion; he embraced testing the latest machinery and researched relentlessly to allow Jerl to break into new industries. If he didn't have the knowledge to dive into an innovative venture, he found someone who did. He experimented with machining processes until they were successful and profitable. Jerl was

thriving by the year 2000, and instead of quietly collecting his profits and maintaining the status quo, Bob sought out and purchased an 80,000 square foot facility, nearly triple the size of his current one. “You’ll never fill it,” his own sales staff and plant foreman said. Over a decade later, we’re running out of space. Bob’s forward thinking and vision built a solid foundation for a sustainable manufacturing business, no matter what the changing world’s needs would require.

Jerl has seen economic boom and economic crisis in its forty-three year tenure in Northwest Ohio. Thanks to an ever-changing network of customers, and more importantly, diverse industry reach, Jerl was able to remain in business while other companies floundered and failed through 2008 and 2009’s disastrous fiscal downturn. We were hit late by the recession, and boasted a nearly record sales year in 2009. New industries sought us out and customers we hadn’t heard from in years started sending fresh orders. The employee count bloomed to ninety plus. But the upswing was short lived, and soon we were receiving nothing but cancellations. Our customers pulled promised work with apologies that did nothing to cover our payroll. The third shift was disbanded with no work to keep it running. I had my first experience with sitting down an employee and to break the news that he was to be laid off, with no guarantee of when - or if - we could call him back. Bob, and several family members in management, took substantial pay cuts to avoid further layoffs.

Today, and specifically in the past year, the scene is much brighter. I believe the passing of the Tax Cuts and Jobs Act, specifically the provision lowering the maximum corporate taxes, has had much to do with the change. Less taxes for us, our customers, and their customers mean more cash to put towards industry, wages, and technology. Our core customers are requesting more orders than ever, and new customers are surfacing every week. Jerl has resumed its third shift, which was cut at the end of 2015 due to low work. We have purchased three new

machines this year. Company sales through mid-September are nearly topping our total for 2017's year end. After several years of single digit profit margins, the company is boasting a nearly nineteen percent profit for 2018 to date. We are, in short, on track to have our highest sales and highest profit year on record.

Jerl's increased profit and high sales does not mean a fat paycheck for rich owners. In fact, Bob has yet to fully reinstate his pre-recession salary. Instead, Jerl has given two separate bonuses so far this year to its employees, with another planned for late November. Profit sharing will be paid at a planned ten to twelve percent. Despite ever higher insurance premiums, Jerl did not increase any contribution costs for employees this year. And we will continue to invest in new equipment and, hopefully, more skilled employees.

The remarkable truth is that we could be doing even better. With the huge influx of purchase orders and new customers, Jerl is turning down work due to lack of skilled labor. Machines sit idle on the shop floor with no one qualified to run them. Our third shift, though efficient, is a skeleton crew that could be expanded to triple its size. Ideally, Jerl could add thirty to fifty percent more employees. Our shop is running at approximately sixty percent of its full capacity. The demand for our brand of manufacturing is extremely high, and we are unable to deliver with our current staff.

The skilled trades are not, as some people continue to believe, a dirty job for young men who couldn't make it in a traditional four year college. A life in manufacturing requires intelligent problem solving from scientific and artistic minds. We need engineers and mathematicians and craftsmen. Right now, Jerl's skilled staff carries an average age of forty-seven years old. Fifteen percent of our staff will retire in the next three years, and we have no one to replace those men. Our current staff is over ninety percent Caucasian. In my time at Jerl,

we have employed a single female machinist. Not only are we suffering from a lack of skilled labor, we are suffering from a lack of diversity. Manufacturing needs new viewpoints and fresh eyes. The jobs are here, and they are high-paying and sustainable. Jerl, and other shops like us, are desperate for people to fill them.

The economic future of my company is looking bright, so long as we can fill the voids left by our retiring workforce and meet the ever increasing demands of our customers. We can sustain our growth with more of the same – more tax breaks for businesses and more deregulation that makes it simpler to buy and sell American goods. Some argue that business tax breaks do nothing but line the pockets of businessmen and hurt the American public. But those businessmen are providing the public's jobs, and putting their money back into their employees and companies. Others push for higher minimum wages, but the only outcome of increasing the minimum wage is inflation. Higher pay does not make an employee more capable; it devalues skilled jobs. When an entry level position is paid the same as a skilled worker, there is no incentive for any potential workers entering the job field to further educate themselves by learning trades and specialized skills.

We need a renewed effort to assure the public that manufacturing is not a dying breed. Instead, it is thriving. However, we are in desperate need of fresh blood to add to the strong foundation that people like my grandfather Bob has built. We are fortunate to have local trade and technical schools, like Penta Career Center of Perrysburg, Ohio in our community to keep skilled job opportunities as part of high school curriculum. It's not enough. All schools need mandatory practical instruction in industrial arts, fine arts, and practical life skills such as financial management and job preparedness, in addition to their core curriculum. Educational funding should be allocated to high schools to reestablish their trade programs or add machinery

to enrich existing programs. Without access in schools to the trades, students may not know manufacturing careers are available to them. Parents and teachers should be educated in the options for their children and students as they prepare to leave high school. The soaring cost of college tuition, combined with the uncertainty to acquire a job in your field after graduation and the often overwhelming burden of student loans should be considerations for all young adults. In short, the continued renewal of manufacturing must start with the next generation to ensure the hard work of our predecessors will not be wasted.

I, my family, and Jerl Machine as a whole, are confident that we are on the right track. As long as the administration continues to care about the future of manufacturing and recognize how it affects the country as a whole, the industry will not be allowed to perish. There is still work to be done, but we have never feared hard work. Bring on the future.