

BEFORE
THE SENATE ENERGY AND TECHNOLOGY COMMITTEE

Written Testimony of

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I. Introduction

Campbell Grinder Company is located at 7225 Pontaluna Road, Spring Lake MI 49456. We are a designer/manufacturer of large high precision CNC industrial Grinding Machines for the aerospace, bearings, defense, power generation, nuclear, oil & gas, markets among others. Our customer base includes such notable companies as General Electric, Pratt & Whitney, Rolls Royce, Timken, Caterpillar, Sikorsky, Bell Helicopter, U.S. Dept of Defense, General Dynamics, Curtis Wright, Babcock Wilcox, SKF, Kaydon, among others. We have a worldwide installed base in countries such as Canada, Mexico, Singapore, Scotland, Japan, Poland and China, among others.

We have one production plant at our Spring Lake location and approximately 80 employees. When I started with Campbell Grinder Company in 1998 as Controller, we had 28 employees and our sales were approximately \$5 million annually.

History of Campbell Grinder Company

1969

Campbell Grinder Company was incorporated in 1969 to succeed a proprietorship known as "Seaway Machinery", which was owned by Hugh Campbell. He had a lifetime of experience in the design and construction of special machine tools including 10 years as Chief Engineer for the Frauenthal Grinder Division of Kaydon Bearing in Muskegon, Michigan. He was responsible for the design and construction of all the grinding machines sold under the name of "Frauenthal". These dependable machines are still in use in the bearing, aircraft and aerospace fields. Used Frauenthal models 50+ years and older are still in demand in the "used machinery" market. Hugh Campbell continued to design and build custom machinery independently as Seaway Machinery, after the Frauenthal Division was sold to Bullard in the early sixties. The accelerating demand for this type of equipment created the need for a larger organization and facility, and the Campbell Grinder Company was organized to meet that demand.

1998

The Campbell family retained ownership until 1998, when they sold the business to Charterhouse of New York.

2005

Charterhouse held the business until fall of 2005, when Campbell Grinders three managing executives purchased the company. This ownership has allowed Campbell Grinder Company, to diversify into other markets and offer (8) standard models as well as the custom machines.



2006

The Muskegon Tooling Alliance of West Michigan (MTA) was formed in July 2006. Campbell Grinder Company is part of the MTA which also includes other West Michigan tool and die companies with diverse capabilities, technologies and resources. The main reason for forming our tooling collaborative is to utilize and share our technologies in design, machining and equipment.

2007

Campbell Grinder Company receives the "2007 Muskegon Area Environmental Excellence Award".

2009

Campbell Grinder Company announces the formation of its new *MicroTech Filtration Division*. The new division will first concentrate on the development of three exclusive MicroTech product lines matched to the specific requirements of Campbell Grinder application and then later expand the MicroTech products to handle any single or central machine tool coolant filtration application up to 4000 GPM.

2009

Campbell Grinder Company attains **AS 9100:2004** and **ISO 9001:2000** certification.

II. Professional Background

I hold an undergraduate degree from Ferris State University and a Masters in Business Administration from Grand Valley State University. I started my career in 1984 and have held various positions ranging from cost accounting analyst to Vice President of Finance & Administration at companies such as Westinghouse, Northrop Grumman, Toyota, Textron and Campbell Grinder Company, where I currently am employed and am also part owner. I have also earned my Certified Management Certification (CMA) and CPIM certification from the American Production and Inventory Control Society (APICS). While I have always worked in the finance/accounting arena, my focus has been manufacturing and costs associated with those activities. Profit and loss responsibilities, along with human resource functions are vital areas of focus to remain a viable concern.

III. Global Competitive Focus

Cincinnati Milacron, Bridgeport, Ingersoll, familiar names of global machines builders that are either gone, or a shell of their former greatness. Like these companies did, Campbell Grinder Company competes in a global marketplace with global competitors.

To survive and prosper in this environment you must compete on quality, delivery and cost. While we do our best to control these areas, one area we have had little success with has been our utility costs, specifically electric. Our rates have increased by an average 23% over the last two years. And while we have had to absorb our cost increases, I question that regarding our major competitors in Germany and Asia. Only our health care cost increased has outpaced our electric cost increases. And while our costs increase our customers will not accept any price increases. And while continuing performance//production/engineering increases offset some of these increases, we must reduce expenses in other areas; human costs, advertising, travel R&D or other areas that make us less competitive or cause hardships to our valued employees. And while we must engage in these practices to remain a going concern, our provider of public electricity does not face these same competitive pressures. When the costs of our provider goes up are they required to reduce expenses to match in another area such as health costs or pension costs? Or do they just pass these increases on to their customers; that have NO CHOICE except to absorb these rate increases? On the surface it would appear to be desirable for Campbell Grinder Company to be able to request price increases from a government regulatory agency for cost increases due to our being a sole supplier to our customer base. The problem with that is competition drives us to provide better cost control, quality, service and products. So without competition it is our customers that would suffer; oddly enough with ourselves, Campbell Grinder also suffering. We would suffer from the stagnation, lack of innovation, cost control, quality, and customer service that necessarily occur without free market competition. Competition is truly what makes America great. As for a 23% increase in one of our product cost drivers, we have never had an instance/opportunity to raise our prices 23%. We do have vendors that at times request price increases. We jointly work with those vendors to come to a resolution that is acceptable to both parties. We realize we must both be able to make a profit to be a going concern and provide a means of support for the families that our employees provide for. And if we cannot meet a resolution acceptable to both parties, then we at times find a new vendor. In the instance of our electricity provider, we have no such opportunity. We either accept their price increase, regardless of how ridiculous it is, or go without the product impossibility). Interestingly enough, while our electricity costs have increased at over 23% a year, our products that make up our machines have increased at less than 2% during the same time period. The difference? Our vendors for our machine parts have competitors. And our natural gas costs have actually decreased slightly during this same time period. The difference? We participate in choice for our natural gas provider.



IV. Summary

Campbell Grinder Company operates in a highly competitive, global marketplace. Our large blue chip customer base sources product globally. We therefore must be able to effectively compete globally to survive. We have a highly skilled workforce that commands top pay and an attractive benefit package. We are pleased to be in the position to offer such an attractive pay/benefit package to our valued employees. But this is all dependent in Campbell Grinder Company's ability to compete effectively in the global marketplace. When we have large unknown and unplanned cost increases in the cost drivers of our product, it puts us at a severe competitive disadvantage. If we are to continue to grow and add the high paying jobs that our product market dictates, or even to survive, we need to have vendor choice that allows us to source the vendor that allows us the best competitive prices/service.

Best regards,

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