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VOL. 28

NO. 22

June 2012

ISSN 1047-8582

\$2.50



PHD's Growth 'Hangs' on Its Products

Pipe hanging devices give Columbiana manufacturer its name.

BY JEREMY LYDIC

Since he was 16 years old, Jonathon Corvino has been hands-on at PHD Manufacturing Inc. where in 2003 he started on the shop floor by cleaning the stamping machines. Now a national sales manager, Corvino has watched the company grow and he doesn't foresee that growth slowing in the years ahead.

The many pipe hangers and devices pressed and stamped in the PHD plant are what gave the

company its name – 600 types in all, each varying size and purpose and that total 3,000 individual parts. Wall brackets, pipe supports, struts, straps and clamps, guides and slides make up the PHD catalogue of products it manufactures for the plumbing, mechanical and electrical industries. Some 85% of PHD's product line is turned out at its shop in Columbiana, the rest purchased and repackaged, Corvino says.

In 1972, Corvino's father, Joseph – today president of the company – and two others opened PHD in Berlin Center. They made supports primarily for the hanging sprinkler industry, Corvino says. Five

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Jonathon Corvino, national sales manager, and Deann Davis, director of human resources, discuss an order.

PHD: Columbiana Manufacturer's Growth 'Hangs' on its Products

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years later, the company moved to Columbiana at 44018 Columbiana-Waterford Road where it quickly outgrew the 36,000-square-foot building. So the company expanded the main building to 132,000 square feet to housing the plant's rolling and stamping presses, maintenance department and some limited inventory. It's one of five buildings that take up eight acres on the 16-acre PHD campus.

PHD stores its inventory in the four other buildings, one of which is half-filled with raw materials. On average, PHD brings in about 850 tons of raw materials annually – spending some \$8.5 million for raw materials last year, he says.

Corvino attributes much of the growth at PHD to its role in the construction of the Denver International Airport in 1989. While the company manufactured only pipe hangers at the time, it had to develop new products to meet the special needs of that project, he says.

"Getting the job meant that we had to supply the full line of product," Corvino says. "We then developed tooling and such, and that was really the launch of the company in the direction that we took."

Products developed for the airport were eventually added to PHD's permanent line. So much so that the company had to split its full line into two categories: pipe hangers and devices, and strut products and accessories. Struts make up 35% of sales,

with strut accessories another 15%. Pipe hangers remain the company's bread and butter, making up half of its business.

The Denver airport project was also PHD's first with a stocking representative outside of the area. Since then, PHD has established 21 warehouses across the United States and hired 23 stocking representatives who supply product to their customers. These satellite stocking sites were critical to PHD

maintaining a steady flow of business during the Great Recession, he says.

"When the economy took a downturn, logic tells you that a lot of companies were cutting staff, cutting cost dollars

and inventory," Corvino says. "It was a big push for us having that access to the local inventory for various distributors across the country."

The satellite warehouses allowed PHD customers in other states to cut back on their inventory, but still have nearby access to an adequate supply of materials they can pull from daily, Corvino explains. The company still did business with "job site direct-type shipments" right out of the factory, which made up 60% of the company's business before 2007. When the economy took a downturn, however, the volume of those direct shipments shrank, making up 40% of the company's business with a majority of sales coming out of the stocking locations. During that time, he says, the PHD customer base actually increased.

"More people who were happy with the factory

direct-type shipments and had cut inventory started utilizing our stocks and gave us some opportunities that we didn't have in the past," Corvino says. "Now, with the economy coming back, these guys are happy with us because we were there for them during the downturn and took care of them. So, in turn, we are seeing that sizeable increase in business now that their business is coming back."

Sales held steady in 2008 and 2009. As the economy recovers, orders are too with sales increasing 15% annually in the last two years, Corvino notes.

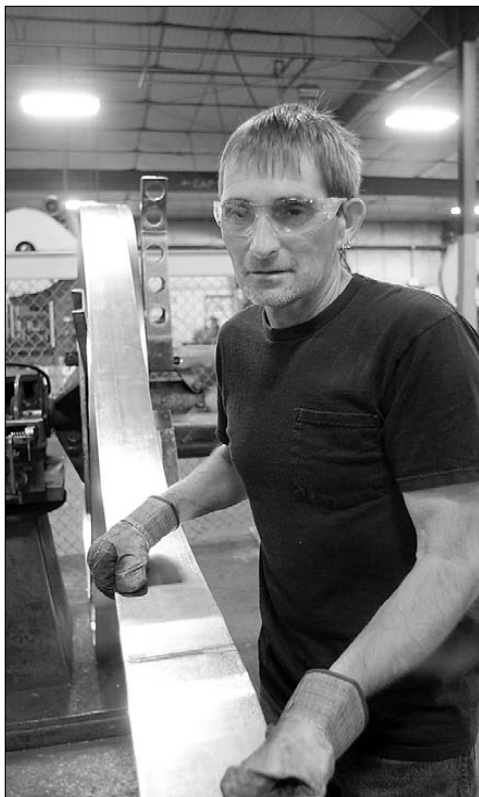
The company has hired more workers since 2009, today employing 100, up from 80, says its director of human resources, Deann Davis. An increasing product line sparked the need for more employees, which in turn required more maintenance personnel to keep up with the shop equipment, Davis says. Thus, the company couldn't afford to lose any employees during the recession.

"Our response to that was to reduce hours for our employees," Davis says. "We did not want to lay anyone off. We wanted everyone to be able to keep their health insurance, keep their 401(k)s. We have a good workforce here and we wanted to hold on to the good workforce that we had."

And PHD is hiring again, looking for six press operators and maintenance personnel, Davis says. Ideal candidates have some mechanical ability and can read blueprints, she says.

With momentum returning, PHD is increasing its presence in the sprinkler-system market, Corvino says. It's also developing a line of products

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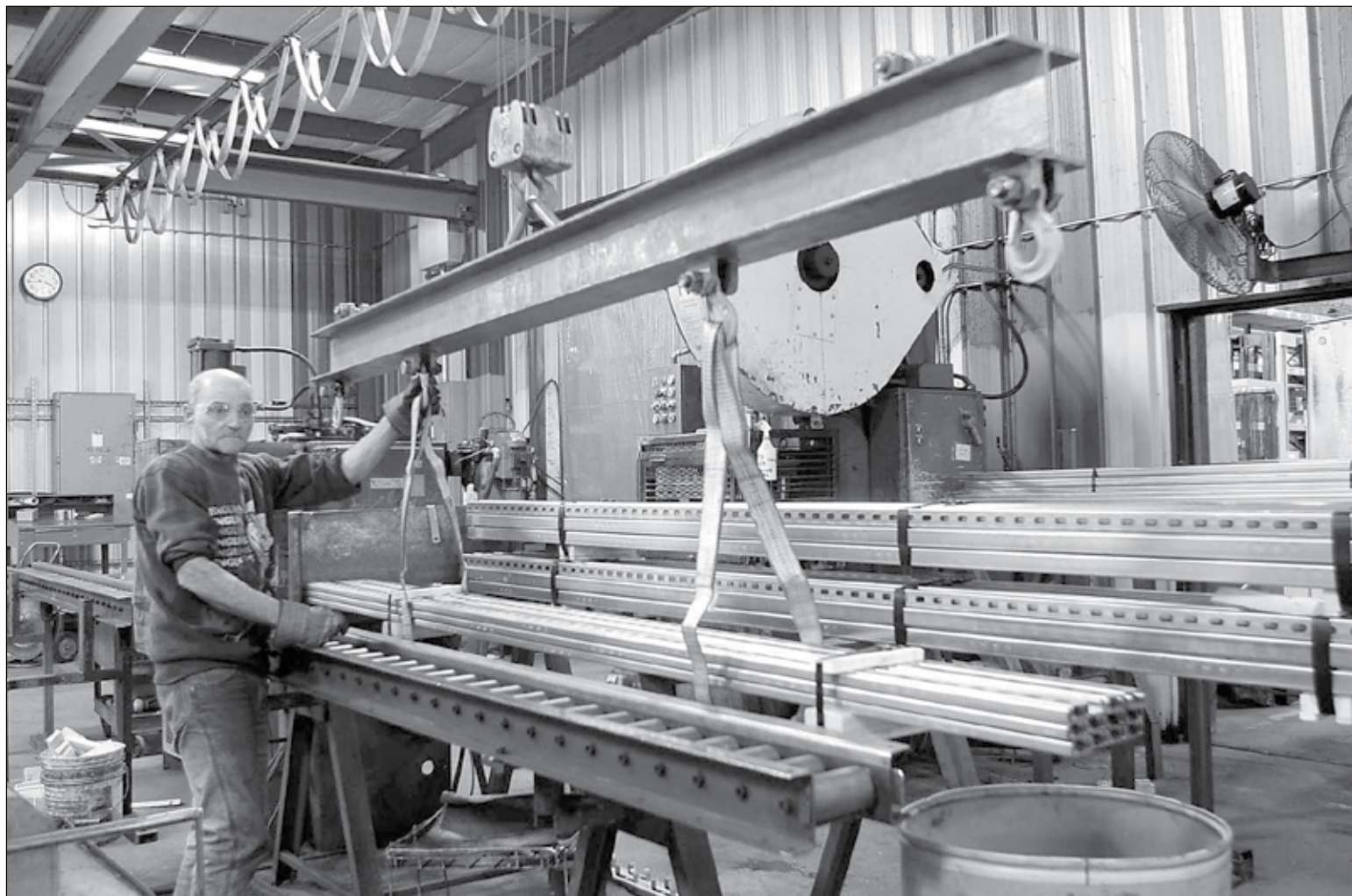
Bobbie Lester uses a roll former used to make steel struts. Struts and accessories are half of PHD's business.



Mike Palm uses a stamp press to make band hangers for a sprinkler system.



Steve Vorkavich displays clevis hangers, used to hang pipe and tubing. PHD offers up to 3,000 individual parts.



Jerry DeSarro lifts finished struts for storage. PHD manufactures 85% of its products. The rest are purchased and repackaged.

specific to the seismic construction industry, such as bracing and struts built to withstand earthquakes, which Corvino says will be an important part in the company's growth.

In February 2011, PHD formed a partnership with ISAT Seismic Bracing of La Mirada, Calif., to deliver seismic bracing products. In a prepared statement following the announcement, ISAT Vice President Jim Massey said PHD products and assemblies, combined with ISAT engineered seismic restraint

systems, would meet the demanding standards of the market.

"In today's world of evolved building codes, careful selection and appropriate application engineering is essential," Massey said. "A fundamentally different approach is needed – one that includes the use of support hardware and seismic bracing products in conjunction with comprehensive design guidelines, calculations, layouts and an engineer's seal on project drawings. This is what ISAT contributes that

enables PHD to deliver real solutions to contractors who utilize their products."

Corvino says PHD is also considering ways to tap into the energy market, particularly in designing struts and other devices for the solar market.

"We've seen a lot of our competition start gearing up toward the solar side of it," Corvino says. "Nothing is firm that we're pursuing, but it is an area that we see upcoming where there might be some room for growth for us."