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WELCOME

We are pleased to bring you this edition of our newsletter. Our focus in this newsletter is to provide some tips to help you determine whether or not your casting supplier will be there for you in the coming months.

As a family-owned business, Kirsh has made the critical long-term decisions that provide us with financial stability today and security for our customers. I look forward to receiving your questions and comments. - James T Kirsh

STABILITY DURING A DOWN ECONOMY

How do you know that your foundry is going to survive this slowdown?

This is a particularly pertinent question given the economy and the number of seemingly strong foundries that have declared bankruptcy in the last few months. While there is no fool-proof way to know, there are a few things to look for.

First, look at the foundry itself.

Is it clean, modern and contains the latest production equipment? This indicates financial strength as the owners have generated sufficient profits to invest back into the business.

With today's increasingly tough price environment, constant investment in state-of-the-art facilities and equipment is vital to staying competitive. It is an endless cycle – good foundries generate profits that get re-invested into the company. That, in turn, allows for more competitive prices, increasing sales, and continually generating profits for further improvements.

At Kirsh we just finished a complete renovation of our in-house pattern shop, making room for the addition of a new Haas CNC vertical machining center. We also invested in solidification and flow modeling computer software. These complementary technologies allow us to provide our customers with complete design/build tooling solutions, and have reduced our lead time for launching new products.

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Second, look at the owners themselves.

Is the foundry owned by a large corporation or investment group? This may indicate that the foundry is only a financial investment and not an investment in making castings. Rather than re-invest into the facility these types of owners look solely to their return on investment and how to maximize it. This goes along with the state of the buildings and equipment. When a return on investment is more important than producing a quality casting, the foundry is usually run with a minimum return of profit for maintenance and up-keep. The inevitable end is the foundry becoming so run-down that it is no longer able to produce efficiently. It is then shut down and auctioned off. This behavior is accelerated in a recession when revenue declines magnify the decline in profits.

As a family-owned and managed business Kirsh Foundry is not only a financial investment. It is our livelihood. As such, we look to the long-term and make decisions that will keep us

in business. Decisions on the use of capital are made with one criterion – the long-term survival of the company that provides our living. Profits are put back into the company as stated above. This constant re-investment has grown the assets of Kirsh substantially. In today's economic conditions those assets are now providing the financial stability required to offset the decline in sales caused by the slowdown. In addition, in the short term, we have made the tough, painful decisions regarding personnel and wages and benefits that have cut costs and stabilized our financial condition.

Third, look at the customers.

Is the foundry heavily reliant on one or two major customers or a specific type of casting? Concentration can lead to growth, but it can be a severe detriment in a down economy if your customer or industry segment is more affected than others. Concentration also leads to customers dictating pricing decisions for the foundry. Decreasing prices with decreasing volume is a double whammy that can wipe out profits quickly and

drastically accelerate the decline of financial health. Kirsh has a list of 300 customers with the largest accounting for only a small percentage of total sales. We provide over 2,500 different castings in a year and hold over 20,000 pieces of tooling for this diverse group. This diversification has softened the decline in sales as we serve the widest range of industrial segments among our competitors. Castings are produced for customers manufacturing everything from heavy industrial equipment to recreation equipment.

In short, Kirsh Foundry has all the elements that will help us survive the current economic crisis.

Jim and Megan Kirsh invite your inquiries into how we may assist you in moving from your less secure foundries. With our wide range of casting types, cast iron alloys, and weight range we can consolidate your casting purchases and save you time and work while reducing your worry about the loss of a key supplier. ■

Questions or Comments?

We'd love to hear from you! Please contact:

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