

Manufacturing

EXECUTIVE
JOURNAL

FALL 2009

www.usexecutivejournal.com



**SHARROW LIFTING PRODUCTS
RIGGING STRENGTH FROM WITHIN**

THE MAGAZINE FOR LEADING INDUSTRY EXECUTIVES

Rigging Strength from Within

Produced by Hanim Samara & Written by Tiffany Nichols

Bob Downs, president of Sharrow Lifting Products (SLP) in New Brighton, Mn., joined the company in 1992 with no previous manufacturing experience. In fact, Downs happened upon the road to his relationship with SLP by a fortuitous meeting.

He was working for Play It Again Sports as a new college graduate, and one of the three Sharrow brothers was a golf club collector who came into Downs' store every Friday. Downs stashed the best clubs for him, and the two men became good acquaintances. Downs eventually learned of the Sharrow brothers' company, founded as the C.C. Sharrow Company in 1952, and was asked if he would be interested in working for them. Downs met with them, and found SLP to be "an intriguing, family-run business" specializing in the manufacture and sale of lifting slings, rigging equipment, tie-down equipment, and other specialty lifting devices.

When Downs started, there was one computer for the whole company; however, as a recent college graduate with a degree in finance and accounting, Downs knew computers. This enabled Downs to help build up the company infrastructure from the beginning, establishing him as a key asset. Although his initial job was in the inside sales department, he had his sights set on more — for himself and the company.

After 10 years with the company, Downs assumed the role of company president in 2003; none of the Sharrow brothers' children were interested in the business, and the Sharrows were confident that Downs and the other senior employees would continue to guide the company as they had — keeping the best interests of the employees in mind. Downs, along with Mike Osiecki, Marc Zastera and Rick Knoche, forms the management team that leads the 100-percent employee-owned company.

In 1994 the company became employee-owned through stock options (ESOP), an accomplishment and cause for celebration. "It's a different mentality than working for "the man"; everything we do benefits us and we don't focus

on titles and authority," notes Downs wisely. "We're all coworkers and if I don't do my job everyone pays through a lower stock price and lower retirement balance." Shared ownership results in heavily invested employees and management alike.



Diversity Leads to Opportunity

With all its employees actively involved in company welfare, Sharrow Lifting Products has positioned itself to serve various industries. This has happened both through networking in various trade organizations — the WSTDA, ACRP, AGC and ARW, to name a few — but also the conscious diversification of products and services that can be offered.

"If you're in Detroit you're tied to auto, in Pittsburgh tied to steel, but we're diverse in that we're not tied to one specific industry," explains Downs. "We sell custom assemblies for anything that hangs off a crane to lift a load. Anybody who uses a crane uses our product."

Downs says that SLP has a job on the very near horizon that will be the largest dollar invoice in company history.

The project is a high quantity of large-diameter wire rope sheaves or pullies. The products will be sent overseas to be assembled into crane blocks for an offshore drilling rig. Downs welcomes the challenge of such a large undertaking, and sees it as another opportunity for SLP to build its name.

A local project of interest was a pair of well-known radio towers located in nearby Shoreview. There was a two-person elevator that ran up the middle of these couple thousand feet-tall structures, and SLP was called in for maintenance. “We got the job to change out those cables, and our guys went to the top of these towers, it was a really interesting job for us,” says Downs. “Our industry isn’t flashy ... it’s a difficult business to have a conversation about over a beer with a buddy ... but everyone knows the towers in Shoreview, and to say Sharrow was doing it was very cool.”

“We started 2009 very poorly like a lot of people did, and recognized that we were going to have to take measures in order to preserve profitability”

—Bob Downs, *President*

SLP also offers a variety of lifting product services beyond production, maintenance and sales. Lifting products awareness training is available to companies who would like to design safety programs, and teaches employees safe rigging practices, how to inspect for damaged rigging gear, and how to sling applications, among other important things. Custom rigging consulting and design provides consulting to clients on what kind of rigging and lifting equipment that should be purchased for particular loads. Plus, SLP conducts rigging gear inspection and repair to OSHA requirements through its trained and experienced rigging gear inspectors.

Furthermore, the company conducts proof testing and destruction with a proof test bed that can test up to 225,000 pounds. Skilled employees and vendors are capable of conducting failure analysis on any rigging or lifting products, to determine the factors that caused the failure.



SHARROW LIFTING PRODUCTS



Rewarded after Weathering Hard Times

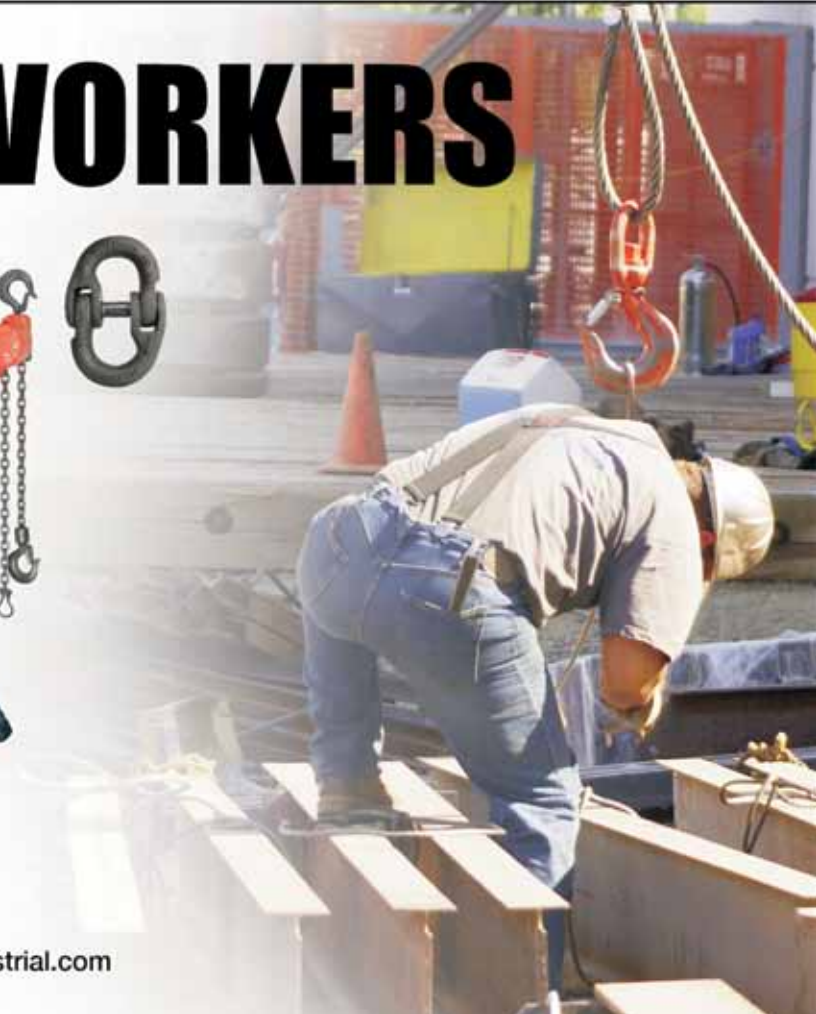
Downs admits that the economic downturn had an effect on SLP's business. Initially, the company hired employees based on reputation and word-of-mouth. With the economic

downturn, Downs says that it is a longer process to find new labor because there are so many people in need of employment; "If you throw an ad right now for a job opening, you're going to get 500 people to apply; the unemployment rate has been pretty thick." In addition to the difficulty in

TOUGH CO-WORKERS



Whether you're pulling, lifting, stretching or positioning, we've got the right work partner for you. And when the quality is this good, so is the peace of mind that goes along with it. Whatever your needs, our lever tools, hand chain hoists and attachments provide solid solutions for a wide range of material handling applications.



CM HOISTS

CM RIGGING
Products

www.cmindustrial.com

narrowing down candidates for temporary positions, Downs states having to have let go of employees due to decreased work and revenue is by far the most difficult part of managing during a downturn.

“We started 2009 very poorly like a lot of people did, and recognized that we were going to have to take measures in order to preserve profitability. It was a bittersweet time, as the last day of February we made the final payment to the final Sharrow brother to become debt free to complete the purchase of the company; a time that since the ESOP began in 1994 we never thought would arrive. Then, the very next business day, we had to let people go for the first time in company history,” laments Downs. “To have the final payoff day be followed up by the day we had to let friends go was simply the most horrible business day in my career.”

Fortunately, since then, the company revenue has leveled out. SLP has implemented cost controls, and widened its cross-training. The company also moved out of an older building that it had occupied since 1963, and into a newer building, giving the company a fresh face and a facility appropriate for the company needs. “It allows for high ceiling storage in our shop – we’re no longer tripping over ourselves, and we can more efficiently store inventory,” remarks Downs.

“We were also able to build a training room for our employees and our customer base,” declares Downs. This in-house training area provides additional income by offering essential OSHA training courses. The high skill level and degree of danger in the lifting industry demands that there is an emphasis on safety and adequate training; Sharrow Lifting Products takes the risks of its business seriously.

The new facility has also allowed for a revamp of equipment, and an overhaul of unnecessary inventory. “We’re a job shop; it’s a job-by-job decision ... so the goal is certainly to make whatever we can here,” says Downs. However, SLP certainly relies on some prefabricated materials from trusted partners. The location is strategic, as well, centrally placed between Minneapolis and Saint Paul, with quick access to the freeway. Although a difficult transition, after being under the same roof for 45 years, the change looks to be paying off. Along with the recent move came an internet and radio marketing push, announcing the company’s renewed presence. The Sharrow name alone has long been enough to lure in repeat business; however, the company needed to ensure that valued customers knew they could find the same dedicated service, only at a new address. “Our business model is simple,” says Downs. “We build and maintain mutually beneficial relationships with our customers, with our vendors, and with our employees. “

Having guided all the pieces in place, Downs is confident that the Sharrow management team will successfully lead the company into the future. Thanks to the solid reputation of Sharrow Lifting Products, along with highly invested employees due to full employee ownership, an appropriate facility to meet the demands of the industry, plus solid associations with valuable trade organizations, Sharrow Lifting Products remains a name that everyone can invest trust in. ■

COMPANY AT A GLANCE

Established : 1952

Sharrow Lifting Products Employees : 26

President : Bob Downs

www.ccsarrow.com

Congratulations to C.C. Sharrow on their 100% employee ownership.



Anchor Trust is proud to serve as
C. C. Sharrow's ESOP Trustee.

At Anchor Trust, we design and manage an array of
customized qualified and non-qualified employee
benefit retirement programs.

We welcome the opportunity to talk with you about
how our comprehensive package of customized
employee benefit services will help you realize the
vision you have for your employee benefit programs.

For a comprehensive plan review or further information,
please contact: **Suzan Huckaby, VP Institutional
Trust Services at Suzan_Huckaby@anchorlink.com
or by calling 651-225-2801.**

ANCHOR  TRUST
TRUST & ADVISORY SERVICES

SHARROW LIFTING PRODUCTS
2301 COUNTY ROAD E2 WEST
NEW BRIGHTON, MN 55112
UNITED STATES
WWW.CCSHARROW.COM

