

Manufacturing Slowdown Forecast

By Judy Newman

As published by The Wisconsin State Journal on 12/6/07

Manufacturing in Dane County is tightening its belt, speakers at an economic panel said Wednesday, but, they added, the industry is not in a serious downturn.

Hiring for industrial jobs in the Madison area has declined over the last couple of months, said Jay Loewi, chief executive officer of the QTI Group, a local employment service. "I do think 2008 is going to be a little bit slower (in that sector)," said Loewi, a panelist at a seminar at the Fluno Center on the UW-Madison campus, where results of the 2007 First Business Economic Survey of Dane County were released Wednesday.

According to the survey, one year ago, 83 percent of local manufacturers projected that revenue would increase in 2007 and 7 percent expected declines. As the year unfolded, though, only 58 percent of Dane County manufacturers recorded higher sales while 34 percent saw revenues drop.

Factory employment felt the crunch along with that, the report says. While half the local manufacturers had expected to add staff this year and fewer than one in 10 had thought they would reduce employment, in reality, only 31 percent hired more people while 25 percent enacted job cuts.

Scott Converse, director of technology and innovation programs for executive education at the UW-Madison School of Business, said Dane County's manufacturers have done extremely well during the last few years and are in slowdown phase now. But it is not a "sky is falling" scenario, Converse said, and may be just a correction.

The survey of 544 Dane County business executives, sponsored by First Business Bank and the UW-Madison School of Business and conducted by the school's A.C. Nielsen Center for Marketing Research, paints a mixed picture of the local economy, with sales revenue and employment down overall, but operating expenses under control, profits steady and capital expenditures expected to rise in 2008.

Most panelists at the seminar were more upbeat. Dave Jones, president of Dave Jones Plumbing & Heating, called 2007 "an excellent year" and said he expects 2008 to be a good year, as well.

"We have learned to be more diversified" and sought out projects farther from Madison, Jones said.

Corey Chambas, president of First Business Financial Services, said revenues at subsidiary First Business Bank are up 30 percent this year, which shows that while some companies are struggling, "there is a base of business out there that's growing and strong."

Survey results are available online at www.firstbusiness.com .

