

"We had to make some difficult decisions about capacity," McVittie said. What made the Boston plant's closure especially sensitive to the company was its proximity to its Boston area customer base, which includes big box retailers, commercial building materials distributors and lumber yards. "It was a unique situation because we were located in the middle of this market and 10 to 15 minutes away at most from our customers at large," McVittie said.

USG once again selected Kenco to help it find and manage a suitable distribution center to handle inbound gypsum products to continue serving the Boston market.

"We needed to make sure all our boards look the same as they leave the warehouse as they would have directly from the former Boston plant," Juhl said. "Kenco understood this well."

USG provided the systems needed to properly operate and manage the inventory within the 156,000-square-foot warehouse, now located in Ayer, Mass. However, Kenco will provide shippers with use of its own warehouse management systems, if necessary, Kenco President and Chief Operating Officer Andy Smith told *American Shipper*.



**Smith**

"As an engineering-based company, we try to help customers lean out inventory and give them models to execute," said Trace Spiers, vice president of operations at Kenco.

McVittie noted that Kenco knew the importance of ensuring that the move included a smooth transition for USG's primary Boston plant trucker Catalano Bros. "For 87 years, this trucking company has been in direct contact with our customers. We wanted to retain that strength in the marketplace," he said.

Boston remains a highly lucrative market for USG. "A year and half after implementation, we still enjoy strong relationships with those customers," McVittie said.

Domestic wallboard competition for market share, although severely retracted, remains fierce with the likes of USG, American Gypsum Co., CertainTeed, Georgia-Pacific, Lafarge North America, National Gypsum Co., PABCO, and Temple-Inland involved in the market.

David Caines, Kenco's senior vice president of logistics, believes the building materials market is on the slow road to recovery, showing "steady month-to-month increases" in business.

"I think the worst is over, but it will be rather flat in 2010," Smith added. "Everyone is still very cautious."

The U.S. wallboard market has also been challenged in recent years by an influx of imports from China. However, news reports in early 2009 about high concentrations of sulfur in Chinese-made wallboard emitting "rotten egg" smells and corroding copper pipes and wiring caused widespread panic among homebuyers, lawsuits, and a federal investigation led by the Consumer Product Safety Commission.

The Chinese wallboard was sold in the United States in 2005-2006, and the primary company in question is Knauf Plasterboard (Tianjin) Co. Ltd., according to the CPSC and news reports.

USG assured its customers in a Dec. 1 statement that all of its gypsum wallboard "is and always has been manufactured exclusively in the United States (and Canada) ... In the approximately 90 years that USG has been making and selling wallboard in the U.S., we have not had homeowner complaints about our wallboard similar to the ones now surfacing regarding Chinese drywall."



**Tim McVittie**  
director of logistics,  
USG

***"If there's an area of the country where we don't have a direct presence, we'll enter into a third-party relationship. Kenco identified a suitable warehouse and hooked us up."***

## The little shipper that could

*In today's U.S. economy, best export ideas may come in small packages.*

BY CHRIS GILLIS

**M**aryland businessman Drew Greenblatt admits that when he acquired an aging Brooklyn, N.Y., wire basket maker in 1998 and moved it to Baltimore six months later, it couldn't have been a worse time.

Marlin Steel Wire Products' specialty by the 1990s was making wire baskets for bagel shops. Shortly after concluding the purchase of the company, Chinese wire bagel baskets started flooding the U.S. market and to make matters worse the anti-carbohydrates diet craze, known as Atkins, was sweeping the nation.

"I bought a near disaster," said Greenblatt, Marlin's president. "The business was 99 percent focused on bagel shops. We were losing mega-dollars."

It's difficult for today's observer to believe that Marlin was on the brink when encountering the handful of robotic machines and workers on the company's 13,000-square-foot shop floor bustling to fill customer orders. However, for Greenblatt, it's important not to forget where he came from.

Outspoken and not willing to give up, he

got a call from a Boeing engineer with a big problem that needed solving right away. The aircraft maker needed a specialized wire basket to prevent damage to parts during the manufacturing process.



**Drew Greenblatt**  
president,  
Marlin Steel  
Wire Products

***"I don't profess to understand logistics. I understand a customer's fit, form and function for a good basket resolution."***

“Price wasn’t the issue,” Greenblatt said. “Customization was the focus, along with on-time delivery.”

The job for Boeing helped Greenblatt break the mold of viewing wire baskets as just a commodity. Soon other companies were knocking on Marlin’s door with requests for similar work.

For example, GKN Aerospace asked Marlin to make it a stainless steel basket capable of holding 25 blades of two different sizes. In addition, the baskets had to stand up to heavy washing and exposure to ferric chloride, hydrochloric acid and ammonia for up to 20 minutes at a time. Marlin delivered the baskets to GKN’s specifications on time and cost effectively. GKN reported back to Marlin that the “baskets are working well.”

Although still a small company, Marlin’s list of customers for specialty baskets reads like that of a large multinational firm. Marlin has done work for companies such as Abbott, Roche, ThermoFisher Scientific, and Wyeth in the medical supplies sector; and Alcoa, Bose, Caterpillar, Electrolux, Grainger, Ricoh, Rohm & Haas, and United Technologies in the industrial sector.

Even U.S. military equipment makers have asked for Marlin’s help with crafting wire baskets. AAI Corp., for instance, needed specialized wire cages to protect microphones mounted inside military vehicles. The microphones help troops locate the enemy by the sound of their gunfire. The speed and quality at which Marlin delivered the baskets resulted in the company becoming AAI’s preferred supplier.

**Taste For Exports.** Working for multinational companies in the United States on their industrial wire basket requirements ultimately gave Marlin exposure to their overseas factories. Greenblatt estimates that about 25 percent of Marlin’s \$4 million business today is driven by exports, about twice as much as it was in 2008.

This export growth has been fueled in part by the U.S. dollar’s decline against other world currencies. According to an Oct. 17 *American Chronicle* article, by mid-October, the U.S. dollar fell to \$1.49 per euro, compared to \$1.29 six months ago. Because of this, Marlin made its first shipment of wire baskets to a customer in Australia, which wouldn’t have been possible in early 2009.

“It’s as if we’re having a sale,” Greenblatt told the *American Chronicle*. “Foreign sales are saving my bacon.”

In an interview with *American Shipper*, Greenblatt said, “the American market, although good, is not enough. I need to go global.”

Toyota’s U.S. automobile manufacturing

plant uses Marlin baskets on its assembly line. Greenblatt believes there’s no reason why Marlin couldn’t produce similar baskets for the heart of Toyota’s manufacturing process. “If I’m good enough to meet their quality standards here in the U.S., then I should be able to provide them to Toyota in Japan,” he said.

Marlin’s shipment sizes rarely reach a full containerload. The company relies heavily on UPS and FedEx for domestic deliveries. For exports, Marlin works with two primary freight forwarders, C.H. Robinson Worldwide and CEVA.

“I don’t profess to understand logistics,” Greenblatt said. “I understand a customer’s fit, form and function for a good basket resolution.”



Ron Kirk  
U.S. Trade  
Representative

***“American companies of all sizes must export their goods and services to get our economy growing again.”***

Greenblatt must constantly look over his shoulder at the competition, especially from China. So far, Chinese wire basket manufacturers have focused on mass production consumer outlets, such as Wal-Mart and Target, which allow them to use a cheap labor pool.

Marlin’s 19 employees are paid considerably more than their Chinese counterparts. They also receive health insurance and a 401K with 9 percent company contribution. “Our employees work hard and they care,” Greenblatt said.

Even Chinese firms have recognized Marlin’s products and capabilities on the foreign market. “I receive three to five e-mails a day from companies saying that I should move my plant to China,” Greenblatt said. “I have no reason to when my company is efficient here.”

**Engaged.** Greenblatt is not only involved in the day-to-day activities of running his company, but is highly engaged in indus-

try affairs. He participates on the boards of several industry groups with missions to increase exports of U.S. manufactured goods.

He serves on the executive board of the Washington-based National Association of Manufacturers (NAM) and Maryland Gov. Martin O’Malley’s International Advisory Board, which focuses on the state’s exports. From 2007 to 2009, Greenblatt was president of the Montgomery, Ill.-based Wire Fabricators Association.

NAM estimates that less than 10 percent of U.S. manufacturers actively export, far below many other countries with smaller domestic production bases than the United States.

“We certainly under-export in this country,” said Frank Vargo, NAM’s vice president for international economic affairs. “We’ve got to do better.”

He added: “It takes awareness that there’s a market out there. It also takes an environment that’s conducive for you to export.”

Small and mid-sized U.S. companies often say they’re at a competitive disadvantage due to high corporate taxes and energy prices, and until recently, a high dollar value.

Greenblatt applauds the Obama administration’s recognition and belief that small and mid-sized exporters will play an important role in lifting the U.S. economy out of the recession. The Commerce Department, Small Business Administration, and Export-Import Bank offer programs to help small companies improve their export prospects.

In October, the Office of the U.S. Trade Representative requested an investigation by the International Trade Commission to better understand how many of America’s small and mid-sized enterprises export now, their role in generating employment and economic activity in the United States, and how increased trading opportunities might benefit these businesses and workers.

“USTR is sharpening its focus on small- and medium-sized American businesses to craft new trade policies and enforce existing ones in ways that will help these firms grow exports around the world, and grow jobs here at home,” said U.S. Trade Representative Ron Kirk, in a statement. “American companies of all sizes must export their goods and services to get our economy growing again.”

“We really do compete with the likes of China and Germany,” Greenblatt said. “It’s important that we have a culture that makes the U.S. a magnet for export-oriented investments.” ■