

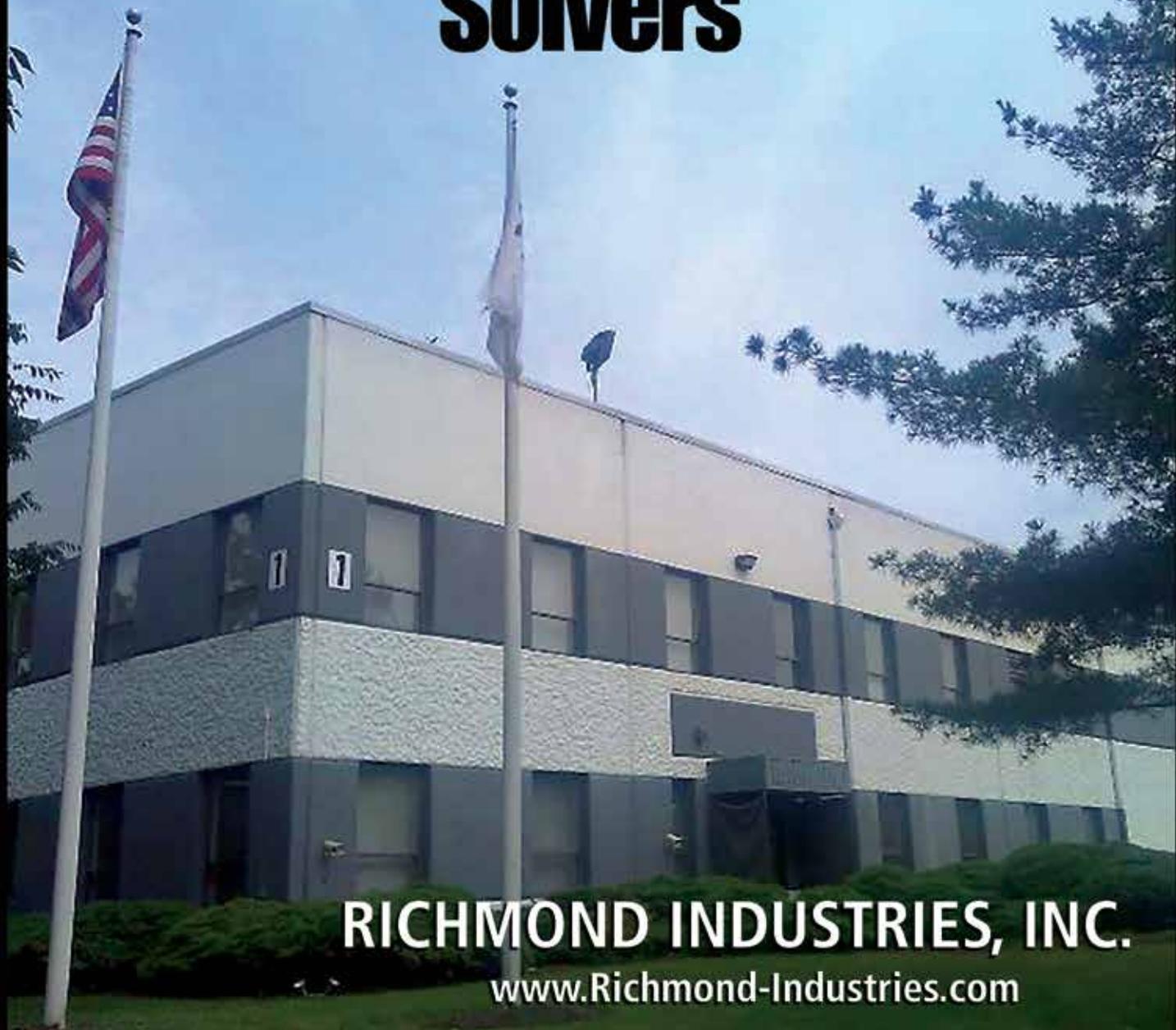
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Becoming Problem Solvers



RICHMOND INDUSTRIES, INC.

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Becoming Problem Solvers

Richmond Industries is investing in people to help take the company from a small to a medium-sized manufacturer. **SHANNON WETZEL, SENIOR EDITOR**



Richmond Industries currently employs about 40 people, many of whom have worked in the metalcasting facility for decades.

Richmond Industries General Manager Keith DiGrazio is ready to take the

small copper and aluminum sand casting facility to the next level of production. He has been paving the path for that growth in the last few years

with investment in casting production improvements and a commitment to an aggressive sales strategy. Now the addition of two higher level positions will

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help support the evolving operation.

"I consider us small," DiGrazio said. "For a company to go from small to medium to large, you have to develop people who think or have more capacity to think. We need people to be problem solvers."

The staff at Richmond Industries, Dayton, N.J., is high on hard-working floor operators, but DiGrazio felt the time he had to spend in the office dealing with the day-to-day running of the business was short-changing the time he wanted to visit customers and be involved with production.

"Honestly, as long as I knew where my cash and receivables, inventory and payables were, I felt we would be OK," DiGrazio said. "But I knew we needed a CFO. To go the next step, we need to create some infrastructure in the office to grow."

In September 2013, DiGrazio found Richmond Industries' CFO in trusted colleague and attorney David Lewis, who had the metalcasting facility as a client for several years. When DiGrazio approached Lewis for help in finding the right person, the lawyer asked to be considered for the job.

"It was perfect. When you hire someone, you are worried about whether you are guiding them the right way or giving them the right things to work on," DiGrazio said. "With him, I knew he already knew the business and could just focus on the numbers."

Lewis has a 30-year background in public accounting, financial and business planning, and personal and business taxation. His duties at Richmond Industries will include overseeing the financial operations of the company and assisting in business development and strategic planning.

"This is a growing company with a lot of potential. It's very solvent and financially strong," Lewis said. "I thought I would be interested in working here to branch out from what I had been doing."

Shortly after starting with the company, Lewis sorted through bank records and found an instance where Richmond Industries was

overpaying a worker due to a clerical error. The mistake was fixed, and DiGrazio was comforted to see an immediate benefit to bringing a CFO on board.

"It excites me that the CFO frees me from upstairs (where the metalcasting facilities offices are), and I can get out to more customers and downstairs on the floor," DiGrazio said. "Money is made downstairs, not upstairs."

Relationships Are Everything

DiGrazio wasn't born into the metalcasting industry, nor did he come to it by way of an engineering degree. He had built a relationship with the owner and founder of Richmond Industries Eugene Hennessy' over the years as a financial consultant. DiGrazio's interest in the metalcasting industry grew over time, as did his relationship with Hennessy. After a couple of years,



The metalcasting facility mainly pours two aluminum alloys and a dozen copper-base alloys, but offers other options depending on customer need. The facility also pours lead-free alloys.



Richmond Industries uses two molding lines to pour aluminum and copper-based castings, including this Hunter automated matchplate molding line.

Hennessy asked DiGrazio to join the company because he thought he seemed “open to it.”

“After a bit of soul searching I came aboard and things took off from there,” DiGrazio said. “I will always be grateful to Mr. Hennessy for not only being my mentor but also my friend.”

When Hennessy passed away, DiGrazio purchased Richmond Industries from Hennessy’s wife.

DiGrazio’s unorthodox path to the industry makes his desire to have more time to build relationships with customers understandable. He believes sales and customer service is best done face to face.

“I try to make that emotional connection,” DiGrazio said, genuinely. “That’s what Richmond Industries is about.”

Richmond Industries under DiGrazio has seen its share of down times, but it has come out ahead. In 2002, the metalcasting business lost its major customer, Victaulic, which accounted for

about one-third of its sales. The few years following were rough, DiGrazio said, but eventually the company won Tyco as a customer, which steered it toward the production of check valves, heat exchangers, dividers and other fire protection components.

“Tyco came, we kept their business, and it started to grow,” DiGrazio said. “For years I was chasing hydrant valves, and now we are doing all kinds of fire equipment, holding stock and flipping it quickly for the customer.”

With new business in fire protection, as well as growth in other industries such as the connector, valve and piping, and marine sectors, Richmond Industries has been enjoying 7% to 9% annual growth for the last several years. To foster that steady growth, the metalcasting facility has added more alloys it pours to cover the gamut of customer demands. Also to meet customer needs, Richmond Industries has taken on more responsibility in the supply chain. DiGrazio

would like to see the company doing more value-added services, including testing and machining. Today, it keeps parts well stocked to supply customers quickly and facilitates some downstream and upstream processes such as plating, machining and even casting sourcing.

“We continue to get more work from and are relied upon by the customers we have, because we can still handle arenas we don’t do in-house,” DiGrazio said. “For example, we don’t pour iron. But we helped a customer find an iron foundry and got it cast for them, then we had it machined and plated locally for a streamlined value chain.”

This past year, Richmond Industries took advantage of the height of the building to add mezzanines—additional levels in the production area—that are being used for storage racks for finished product. The additional storage is necessary to be able to absorb new work without hindering the old work. And DiGrazio is keen to bring in more new work. The company has been aggressive in

its sales to keep from being dormant, and even in industry declines, Richmond Industries has stayed ahead.

“We had a big push at the end of the year with the connector industry because when it snows, power lines go down and need to be replaced,” DiGrazio said. “The boating industry has come back. Housing has been down for a while, but we continue to make a lot of check valves in that world. We work to create relationships with our customer, and I think that is why I see more of the growth for us.”

Opportunities in Brain Power

Richmond Industries’ two green sand molding lines in the 40,000-sq.-ft. facility have plenty of open capacity to fill. The metalcasting facility operates in one shift with enough capacity for more growth in the coming years. According to DiGrazio, the bottleneck at the facility was in what he calls mental capacity.

“When I say mental capacity, I mean people who think better and different than me,” he said. “For mental capacity, I would say we were at 100%; everyone was doing as much as they could do.”

The hiring of Lewis as CFO was part of the equation to open up more mental capacity at Richmond Industries. This July, the company will be welcoming another portion of mental capacity in the form of quality engineer Amanda Meshanki, fresh off graduation from Penn State University.

“I told our plant manager we needed someone else downstairs to help him check quality,” DiGrazio said. “Because we were growing, he was getting caught up in loading a lot of parts, maintaining the infrastructure and working with our B&L [enterprise resource planning] software. We needed someone watching quality all the time.”

Meshanki is an industrial engineering major who is president of the university’s AFS student chapter. She wanted a job in a foundry in New Jersey, and Richmond Industries fit the bill. She spent a week during a break from school to test



The metalcaster makes castings for a variety of industries, including valve and piping, electrical, marine and housing.

her mettle at the metalcasting facility and even took some work back with her to Penn State to work on using the school’s simulation software. Meshanki will be tasked with updating and improving Richmond Industries’ quality systems to better serve customers’ requirements and improve existing internal reporting systems.

“She’s someone who has knowledge coming out of school about things like modeling software,” DiGrazio said. “I’m very excited about that.”

To DiGrazio, the investment in the CFO and quality engineering positions is just as important as an investment he could have made to the plant floor, and he expects to see profit grow as the business becomes more efficient.

“Before, the goal was survival. Then it was paying off debt during the survival years,” he said. “But we have continued to grow now for several years. It is time now to put the people in place to continue to grow.” **MC**