

The logo for Marlin features the word "MARLIN" in a bold, blue, sans-serif font. Below the text is a stylized illustration of a marlin fish, also in blue, with its long, pointed snout and dorsal fin clearly visible. The background of the logo is a dark blue gradient.

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Marlin Steel Wire Products

How a small factory survives and thrives, thanks to overseas sales.

By Martha C. White Posted Wednesday, Nov. 10, 2010, at 10:19 AM ET

There's a temptation to perceive American manufacturing as something like Mickey Rourke's character in *The Wrestler*: unstoppable in its heyday but now mired in bloat and nostalgia as young upstarts move in to take its place. It's an assumption that has existed at least as long as Bruce Springsteen's career. But it's not true.

Yes, the United States has lost manufacturing jobs. We've shed about 5.5 million of them in the past decade, down to about 11.5 million today. Despite this, we still lead all other global economies in manufacturing output. According to the [National Association of Manufacturers](#), American factories churn out \$1.6 trillion worth of stuff each year. Patricia Mears, director of international commercial affairs at NAM, says roughly 60 percent of that total is exported.

While the industry's public face tends to be dominated by behemoths like Boeing, GE, and Ford, the majority of manufacturing firms in the United States employ four people or fewer. Fewer than 20,000 out of a total of nearly 300,000 companies employ more than 100 workers, according to Census Bureau data. Since many of these smaller firms either don't export at all or do so only minimally, coaxing them to look overseas for customers is a key step toward the Obama administration's goal of doubling exports in five years. The hurdles to exporting are much higher for small companies; it's also much tougher for government agencies to identify all the small would-be exporters out there, convince them exporting is a good idea, and offer logistical and financial support to make it happen.

[Marlin Steel Wire Products](#), a [manufacturer of wire baskets](#) and [fabricated metal items](#), is already a convert. Just two years ago, the Baltimore-based company exported 5 percent to 10 percent of its orders. Today, about \$600,000 of Marlin's [\\$3.5 million in annual revenue comes from exports](#). The company has gone from 20 to 30 employees in that same time period and projects a \$1 million increase in revenue for this year. [Company president Drew Greenblatt](#), who's owned the firm since the late '90s, credits export business with keeping Marlin in the black and helping it to grow even as the United States slogged through a recession.

The 42-year-old company got its start making baskets for bagel bakeries. When Chinese competitors undercut Marlin's prices, Greenblatt decided to expand to other wire and metal products for industrial customers. The factory makes [baskets to hold delicate aircraft engine parts](#) and [pharmaceutical beakers](#) as they go through washers before being assembled or packed; its in-house engineers design custom shapes and specifications for the assembly lines of [companies like Boeing and Toyota](#). Around five years ago, Marlin put a toe into the export waters with the odd shipment to Canada or Mexico and quickly realized that the key to growth lies in sales to overseas customers. By 2014, more than half of Marlin's production will be exported. Greenblatt is bullish that "Made in the U.S.A." is still a good marketing hook, especially for companies cranking out items that are going to be incorporated into other machines or assembly lines. (If your cordless drill or hair dryer breaks, you grumble and go to the store to buy a new one. But if a factory's conveyor belt motor dies, the entire production line can come to a standstill until it's fixed—not a prospect any owner wants to contemplate.) In recent months, manufacturing heavyweights like Ford and GE have shifted some production back to the United States from offshore facilities or suppliers, and the higher quality of domestically produced goods is a major reason.

Focusing on quality over low prices isn't a new tactic; for the past half-century, German manufacturers have set themselves apart and commanded a premium by promising precision. Marlin does this by investing heavily in technology, from computer-aided-design software that costs \$35,000 and must be updated every couple of years to giant robots that can bend metal into hooks or stamp sheet metal into forms, all calibrated to less than one-tenth of a millimeter. Greenblatt says he's made "the biggest investment of my life" in the last few months: new robots that cost the company \$700,000.

Of course, getting this kind of investment capital is an uphill battle these days, especially for small businesses. Thanks to its history of [turning a profit even through the recession](#), Marlin was able to obtain favorable terms from lenders, but it wasn't easy. "It's a challenge, because we're in a world where banks are very skeptical," he says. "Even if you're a good company, they still put you through the wringer."

Small companies that export also have to worry about money when it comes to getting paid: If a buyer in another country absconds with the merchandise or goes bankrupt before making payment, there's very little recourse for the company. For this reason, the Export-Import Bank is ramping up the program through which it provides payment guarantees for exporters. Chairman and president of the Ex-Im Bank Fred P. Hochberg says the amount of small-business loan guarantees and credit insurance the bank provides rose from \$4.4 billion last year to around \$5 billion this year. Marlin's Greenblatt can't give enough praise to the Ex-Im Bank's insurance program. For a premium of roughly half a percent of the price of the sale, he's covered in the event of nonpayment.

Greenblatt still worries about lower-priced Chinese competitors, saying Marlin would be able to win more bids both at home and overseas if the U.S. government pushed for [enforcement on trade-related issues](#). First, there's the longstanding contention that the renminbi is manipulated to be artificially low. Economists differ in their estimates of exactly how much it's undervalued, but most agree that the currency is worth less than it would be if it were allowed to float. So far, though, U.S. officials like Treasury Secretary Timothy Geithner haven't had any luck persuading Chinese leaders to loosen their grip on the yuan.

Video: [The story behind the success of Marlin Steel:](#)



For industrial manufacturers like Marlin, another competitive disadvantage comes from the price of steel. China subsidizes its steel industry, an action to which Washington has responded by imposing import duties on certain Chinese-made steel products. (The two countries took this tiff to the WTO, which [sided with the United States](#) in a recent decision.) Greenblatt says Marlin lost a bid for 5 million wire forms; his company came in at 6.5 cents per unit, while the Chinese company sealed the deal with a bid of 5.9 cents per unit. Steel costs for Marlin were about 3.5 cents for that job versus 2.5 cents for the Chinese firm. "It literally happens every day," Greenblatt says of losing projects to Chinese companies because the combination of a weaker currency and cheaper raw materials lets them undercut Marlin.

Greenblatt is also agitating (along with many Republican members of Congress) for the president to move forward on a trio of free trade agreements with Colombia, Panama, and South Korea that have been in limbo since the end of the Bush administration. Marlin's sizable Japanese customer base is an indication to Greenblatt that the company would have similar success courting South Korean customers if tariffs were rolled back.

Despite challenges, Greenblatt is practically effusive when he talks about the potential for Marlin and hundreds of other small companies like it to grow through exports. "Ninety-five percent of the world's consumers are not Americans," he says. "The biggest chunk of the world is outside our borders. That's where the money is."

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