

Nutmeg Firms Thriving In Mexico

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Feb. 27, 2009

Scott Livingston, CEO of Horst Engineering & Manufacturing Co., is doing something rare these days — he's looking to expand. The East Hartford-based precision manufacturing company recently purchased a building across the street



Scott Livingston, CEO, Horst Engineering & Manufacturing Co.

to accommodate its growing medical device business, and it's looking south for even more expansion. Way south.

Even as the recession has companies scaling back operations, Horst, which manufactures aerospace and medical device components, presents a somewhat unique example of Connecticut manufacturers that have recently expanded their presence in Mexico, capitalizing on the country's increased manufacturing capability.

Horst, which already had a small operation in Mexico since 2006, announced late January it would move into a much bigger 18,326-square-foot facility in an industrial park in Guaymas, Sonora, Mexico.

The new facility will employ about 50 Mexican workers, with about half coming from its former building. Mexico's emerging precision manufacturing cluster played a huge part into the company's decision, Livingston said.

Geographic Proximity

"We had an opportunity to move the business [in Mexico] closer to a cluster of business that's developing the aerospace and medical device markets," he said. "Our previous location was a standalone, and we decided to go to a larger facility in an industrial park that has many other companies."

And while Mexico's lower labor costs remain attractive to employers, Livingston said his company is committed to growing in Connecticut. The new East Hartford building adds 7,000 square feet to the 22,000 square feet the company already occupied, and Livingston said he is looking to add five employees to the 70 already working in Connecticut to help Horst grow its medical device business.

Connecticut Commitment

When Harco Laboratories Inc., a Branford-based company that makes aerospace sensors and cables, decided to expand its Mexico operations a few months ago, CEO Mike Milardo told Connecticut employees that expansion in Mexico did not mean an end to the growth of its in-state operation.

Since first opening in Mexico in 2001, the company has added an employee in Connecticut for every employee in Mexico until October, when it reduced its Connecticut work force from 169 to 156 because of the recession. Harco had added almost 50 employees in both Connecticut and Mexico since 2001 before the recent layoffs.

“We wanted to make sure we never had a loss of jobs in Connecticut by putting work in Mexico,” Milardo said.

The pledge to save Connecticut jobs is indicative of how sensitive manufacturers are to fears of jobs being outsourced to countries with cheaper labor costs.

According to Milardo, the original move in 2001 was prompted by a request from one of its major clients. When it came time to bid for a new contract, Milardo said the company suggested it would view Harco more favorably if it could lower costs through doing work out of country.

Also, Harco had given price reductions to major accounts for some of its oldest products to the point where it was “basically not profitable for us to make those parts in Connecticut,” Milardo said.

Both Livingston and Milardo said the move to Mexico was partially made to better access clients in the southwest.

Livingston said that he has noticed an increased manufacturing capability in Mexico in recent years.

“There’s a lot of work going on in state of Sonora to develop machining skills — skills in Connecticut that are hard to come by.”