White-hot opportunities

Waupaca Foundry strengthens its outlook with new Hitachi merger

One of the oldest concepts in metalworking has created new opportunities for Waupaca Foundry.

Historically, a blacksmith would forge a new piece of metal from disparate pieces to create a stronger product built upon the best characteristics of the contributing parts. You might say the latest developments surrounding Waupaca Foundry are borne of the same fiery combination.

Hitachi Metals Foundry America, the parent company of Waupaca Foundry, announced in February a merger between the Waupaca-based company and fellow subsidiary Hitachi Metals Automotive Components USA. HMAC will become a division of Waupaca Foundry, which should emerge from realignment as a stronger player in key markets, particularly automotive.

“There are a lot of synergies. This is a win for all of us,” says Mike Nikolai, president and chief operating officer. “We bring a lot of expertise in building custom equipment, automation and process improvements that we can bring to HMAC. They have developed some lighter-weight metals and have product design expertise we can leverage.”

While both companies compete in the auto industry, they serve different segments. HMAC produces cast, machined and assembled ductile iron suspension and exhaust components for global automotive OEMs.

Waupaca Foundry is North America’s leading supplier of casting components such as brake rotors to the automotive market, as well as providing components for the commercial vehicle, agriculture, construction and industrial markets.

“This puts us in a position to serve a wider market in automotive,” Nikolai says. “If they can sell it, we can make it.”

The merger is expected to be complete by April, but the Waupaca Foundry’s headquarters have already seen an influx of people from centralization of staff. The merged company’s data services, information technology and accounting functions have moved to Waupaca, which could have easily been moved off shore.

It’s a testament to the company’s efficiency and management the functions were moved to Waupaca, company officials say.

For now, Waupaca Foundry’s operations are expected to remain in place or grow because of the merger. The company employs 3,900 people at
plants in Waupaca, Marinette, Tell City, Ind., and Etowah, Tenn.

That will be welcome news for the regional workforce, which continues to see a declining unemployment rate in Waupaca and Shawano counties. Waupaca County’s unemployment rate fell nearly a point in 2015, to 4.4 percent in December from 5.2 percent the year before. Shawano County experienced a similar decline, to 4.5 percent from 5.2 percent.

As part of the reorganization, HMAC will close its precision machining and assembly in Wellsboro, Penn., merging them with a facility in Effingham, Ill. That transition is expected to complete by December 2017. The company also operates a casting foundry in Lawrenceville, Penn., and employs 485 people.

Of course, as the company continues to innovate through its automation programs — Waupaca Foundry designs and constructs much of its own robotic and automation equipment — the numbers working on the production floor could decline over time. However, that also creates needs elsewhere, making long-term workforce projections a bit of a challenge.

The bottom line is the industry is demanding more efficiency, and the merger of HMAC into Waupaca Foundry is a strategic move that will enhance operations and position the company for sustained growth in its current markets as well as new opportunities in other durable goods markets.

“The merger with HMAC allows us to further integrate castings and value-added services for our customers in diverse markets,” says Gary Gigante, CEO of Waupaca Foundry. “We are committed to being the world’s leading casting solutions provider and this is a critical step in achieving that goal.”

Doting on downtown

As the region’s economic health has strengthened, the city of Waupaca is taking steps to improve the quality of life in the community.

This past year, the city of Waupaca launched a complete reconstruction of its downtown, beginning with citizen working groups developing options for the amenities they want to see in the city. The new master plan will not only include the downtown redevelopment plan, but will also include a market study for the entire city as well as a housing study for the broader community.

Waupaca took some tough hits during the housing bubble, with rapid subdivision growth prior to the Great Recession, followed by a number of subdivisions going into tax foreclosure as the economy stalled. Working with the county, Waupaca is bundling vacant parcels within these subdivisions and potentially use available tax increment financing to entice developers to build out the developments.

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