



Graphiccast, Inc.

What the Recession has Taught us about
Business Sustainability

Graphicast Background

- Started in 1978
- Produce machined, zinc alloy castings for various industrial applications
- 29 employees
- ESOP (35% employee ownership) since 1996
- 110 customers throughout the US

Graphicast Recognition

- Inc 5000 - 2007
 - #4501 fastest growing private company nationally
- PM100 – 2009
 - Managing Automation Media's selection of the one hundred most progressive global manufacturers
 - Based on profitable adoption of advanced business methods and techniques
- Top Ten Companies to Work for in NH – 2009
 - Runner up in 2006, 2007, and 2008



What the Recession Taught us about Business Sustainability

Company Culture Supplies the Buffer to Sustain the Business in Tough Times

Graphicast's Culture Evolution

- ESOP – 1996
 - Open book environment; transparency
 - Employees share in the growth/decline of the company
- Expansion of benefits – 2001 forward
 - Added as company grows and can afford them
 - Health/Life/Disability insurances, EAP, flex spending, 401k, profit sharing, tuition reimbursement, personal financial planning, paid holiday/vacation/sickness
 - Reduce the stress of running a family to improve the focus on running a business
- Care of employees – 2001 forward
 - Empowerment
 - Flexibility
 - Concern for the individual
- Care of the company – 2001 forward
 - Lean, Six Sigma, Theory of Constraints
 - Recycling, energy conservation
 - Clean and safe factory

How we Dealt with the Recession

- Our recession began in October 2008, but with uncertainty to its depth and extent
- By February 2009, the downward path was more apparent and we met with the employees to lay out a sequential plan of action we would follow as we reached more dire situations
 - Discretionary spending cuts
 - Across the board salary reduction
 - Hour cuts
 - Voluntary/temporary furloughs
 - Layoffs as a last resort

How we Dealt with the Recession

- Cut expenses, including some benefits expenses
 - 401k match and a less rich health insurance plan
- Reduced everyone's salary by 10%
- Cut hours progressively
- Asked for, and got volunteers for temporary furloughs
 - Company picked up 100% of health insurance premiums
 - Employees received unemployment compensation

How we Dealt with the Recession

- Reversed the order as the economy improved
 - All employees are back full time
 - Back to a 40 hour week with occasional OT
 - Salaries have been increased, but still down 5% from pre-recession levels
 - Have not resumed 401k match, but are enriching health insurance

How we Dealt with the Recession

- The goodwill the company created over the years made the employees amenable participants in the process we followed to preserve the financial and cultural integrity of the company
- The outside world never knew what was happening, as the responsiveness of the company to our customers never faltered