

# Business

FINANCE and TECHNOLOGY

## WEATHERING THE STORM

The Valley's straining economy is hindering some local industries but has left others untouched.

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YOUNGSTOWN — The local economy is playing favorites.

An economic slowdown sweeping through much of the nation has caused some local factories to shut down or trim staff, but other businesses are doing just fine.

"We're staying busy," said Alex Benyo, Vice Pres. of Brilex Industries, a Youngstown company which makes a variety of machinery for steel mills and other factories. "It seems that heavy industry is still going strong."

Sales are up at least 10 percent so far this year. Brilex has been doing so well that it has added 13 workers since last year and now has a staff of 130.

Brian Benyo, President, said the company could be growing even faster if it could find machinists and other skilled workers who would be willing to work the afternoon shift. Hourly pay for those positions ranges from the high teens to the low 20s with bonuses.

Brilex isn't the only local company doing well, said Jim Daszenzo, the principal in charge of the Warren office of Hill, Barth & King, an accounting firm.

Some businesses have seen some modest sales declines, but most of his clients are doing well or at least holding steady, he said.

It's no comparison with the last time the national economy slowed, he said. Economists declared that recession lasted from 2001 to 2003, but the effects started locally even earlier, with manufacturing especially hard hit, he said.

"Back then, I had clients who were wondering if they would make it through another year," Daszenzo said.

For the most part, industrial manufacturers are staying busy this year because they are supplying industries and parts of the country that are expanding, Daszenzo said.

Some industrial companies aren't doing as well, however.

General Extrusions, which has aluminum extrusion plants in Boardman and Leetonia, has laid off 35 of its 285 workers because of a slowdown in orders, said Herbert Schuler Sr., company president.

"Auto and construction are in the tank," he said, adding that these two industries account for about 60 percent of the demand for aluminum extrusions nationwide.

Meanwhile, General Extrusions, like other businesses, is trying to cope with increased fuel and natural-gas costs.

"Incoming orders are down, and expenses are up. What other good news do you want to hear?" Schuler said.

Last year's revenues were down about 12 percent, which he didn't consider bad because the industry average was a 20-percent decline. This year's revenues are down about 7 percent.

Indalex Aluminum Solutions closed its Niles and Girard plants earlier this year, leaving more than 300 workers jobless. It also was hurt by the downturn in the auto



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**BUSY PRODUCTION:** Jim Maticic, an employee at the Brilex Industries' facility in Youngstown, works on a blast furnace valve assembly. Production for Brilex Industries has been busy, but other manufacturing companies have noticed a decline in production because of the economy.

and construction markets. The Niles plant extruded aluminum for the truck-trailer industry, and the Girard plant produced aluminum for doors and windows.

Other areas of manufacturing have suffered hits as well.

General Electric cut 174 jobs in the Mahoning Valley this year, leaving the company with 430 local workers. Included were the closing of a plant in Niles in February and the scheduled closing of a plant in Austintown this fall. Other plants have had layoffs.

GIE has blamed the cutbacks on the movement away from incandescent bulbs, which the local plants support.

Local retail and service companies have been forced to deal with the ups and downs of the local economy.

"We look at the retail industry as being challenged and has been

all year," said Thomas Humphries, president and chief executive of the Regional Chamber. "Looking at this past holiday [Christmas 2007], sales were down slightly, and they continue to be down."

Other areas of manufacturing have suffered hits as well. Some retail stores, such as Wild Birds Unlimited, 90 Boardman-Camfield Road, Boardman, have found their niche, however.

Store co-owner Jeff Harvey said sales grew 20 percent last year. Its goal is to grow an additional 5 percent beyond last year's revenues has not yet been met.

"We've had steady growth throughout the years. It has a lot to do with the growth of the hobby. Wildlife watching is one of the fastest-growing hobbies."

Parts of the service industry also have also felt the effects of the straining economy.

Humphries said grocery store foot traffic has increased because

fewer people are eating in sit-down restaurants.

If they choose to eat out, they are opting for less-expensive, fast-food restaurants. Family-owned restaurants that cater to more affluent clientele have not been affected as much because their customers have more disposable income.

Marino's Italian Cafe & Catering, 5423 Mahoning Ave., in Youngstown, has noticed firsthand how the economy has thwarted restaurant sales.

"It's a lot slower, especially lunch," said restaurant co-owner Anna Marino. "It [sales in general] went down 25 percent compared to this time last year. People don't want to spend money for lunch and they're packing."

Sales have stabilized over the



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**KEEPING UP:** Brilex employee Tim Baker keeps up with the steady production at the manufacturer's facility in Youngstown. Heavy manufacturing is among the industries that are doing well in the slow economy.

## ECONOMY

Continued From Page 1

past few months with help of the restaurant's catering business during the busy graduation and wedding season, which has brought in about 40 percent of the revenue, she said.

Some local retail store and restaurant owners attribute the economy's squeeze to gas prices, which have been hovering around \$4 a gallon.

The construction industry also has also noticed a decline in projects.

Man-hours for commercial and industrial construction projects decreased 11.7 percent for October 2007 through May 2008 compared with the same time period for last year, said Kevin Reilly, executive vice president of the Builders Association of Eastern Ohio and Western Pennsylvania.

"We're still expected to be down at least 10 percent — maybe even more — for the remainder of the fiscal year," Reilly said. "More people are working less hours, or if they're laid off, not working at all. The amount of projects being built have decreased."

More work has been available in school construction, but retail and office space construction have not been as prevalent.

"The economy is going to have an effect on the retail. If the economy is down, you're not going to see people spending capital on a new building," Reilly said.

And it appears that the economy has affected the residential housing construction industry, too. Michael Kurilla Jr., Austintown zoning inspector, said no one applied for a housing permit in May.

This was the first construction-weather month that has not seen any permit applications, according to his recollection.

One local industry that has been

unaffected by the economic slowdown is health care, said Daszenzo, the accountant. Companies that operate nursing homes and assisted-living centers are among those posting strong results, he said.

"Around here, health care is a growing industry," he said.

Whether hurt by the economy or not, businesses are looking forward to the anticipated bump in the economy from General Motors Corp. adding 1,400 workers to its Lordstown plant.

Many of those will be workers transferred from other GM plants.

Marino's Cafe & Catering, which employs 15 people, has planned to increase newspaper advertising and coupons. And after the Fourth of July, it will hire a handful of servers, three dishwashers and one cook.

Other business owners have taken a wait-and-see attitude rather than implementing plans to prepare for the boost in the

## JOBLESS RATE

Holding steady

April unemployment rates for the metropolitan region of Mahoning, Trumbull, Columbiana and Mercer counties.

2006: 6.2 percent

2007: 6.1 percent

2008: 6.0 percent

Source: Ohio Department of Job and Family Services

economy.

"With them [GM] adding that many decent-paying jobs this year, overall, it should help the economy in our area," said Harvey at the bird supply store. "I'm not sure how many will get into the hobby [of backyard birdfeeding], but I'm sure we'll have some of them."

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