

WHAT KEEPS YOU UP AT NIGHT?



A monthly series about executive insights by Brennan Lafferty, *Plastics News* publisher. Invite Brennan to visit with you by emailing him at blafferty@crain.com.



Cary Quigley
President,
Sterling Technologies Inc.

See the video of *Plastics News*' interview with Cary Quigley online at www.PlasticsNews.com/WKYUAN

JUST THE FACTS: STERLING TECHNOLOGIES INC.

Company headquarters:
Lake City, Pa.

MANUFACTURING FACILITIES:

One (96,000 square feet); one storage facility (50,000 square feet); one manufacturing partner on the West Coast

PROJECTED U.S. ANNUAL SALES:

\$10.1 million to \$10.5 million

for fiscal year ending September 2015

TOTAL EMPLOYMENT:

142
including seasonal workers

5 No. of rotational molding machines
(size ranges from 16-inch swing to 142 inches)

MAIN END MARKETS:

Retail, lawn and garden, store protection, road barriers

CHALLENGES

Communication plays a big role in Sterling's financial success

By Brennan Lafferty

PLASTICS NEWS PUBLISHER

LAKE CITY, PA. — Cary Quigley remembers the humble beginnings at Sterling Technologies Inc.

The company had three or four employees and one machine. Every contract was like gold.

"Geez, I remember getting excited over an \$8,000 job," Quigley said. "When you have no customers, any piece of business gets exciting. Certainly, now we get excited over the million-dollar contracts. But I still get excited over any order. That's never changed."

That's the mindset of a man who has held every job at Sterling since CEO Greg Cronkhite hired him in 1999 just one year after Cronkhite founded the plastics rotational molder.

Quigley, 43, rose to president two and a half years ago. Under Cronkhite and Quigley, Sterling has grown to \$10 million in annual sales. This shop on the shores of Lake Erie in western Pennsylvania employs 142, including seasonal workers.

On a cold day in late January, inventory is nearly bursting in the company's 96,000-square-foot manufacturing facility. Rain barrels and composters are stacked everywhere. The 25-foot ceilings barely contain products that will be shipped to a diverse group of big box retailers in two to four weeks.

Business is strong. In fact, Sterling has grown at least 12 percent per year for the last four years. Sterling is also debt free. One reason for the success is the company's financial communication with employees. Quigley and Cronkhite share monthly, quarterly and annual results — both good and bad — with their management team and line workers. In fact, each shift knows if they were profitable when they clock out.

"The shift supervisor can be halfway



Cary Quigley, president at Sterling Technologies Inc. Quigley and CEO Greg Cronkhite said that each shift knows if they were profitable when they clock out.

'The biggest thing for me is the people. Not just the management group, but at all levels. Getting the right people in here, keeping the right people and growing the right people.'

Cary Quigley
Sterling Technologies Inc.

through a shift and say, 'Boy, we need to pick it up or we are not going to make any money today,'" Quigley said.

Cronkhite, 53, dreamed about implementing this open-book philosophy when he ran Gemini Plastics in Florida in the 1990s.

Quigley remains modest when asked what Sterling does better than the competition. Instead, his focus is on what his team does well.

"People come in with a drawing on a

napkin and we can manage the whole product right through to full-blown warehousing and distribution," he said, noting that most customers are within a 500-mile radius of Lake City.

Quigley and Cronkhite get along well. Cronkhite likens Quigley to his younger brother. They hunt together, sometimes on Cronkhite's 2,500-acre property in South

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Mack

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room in Arlington. The 3,500-square-foot Class 8 facility is scheduled to be certified by April 1. The cell for the new project also will include a 500-ton automated hydraulic press that will be adjacent to the new clean room, in a soft-walled clean room area. The project also includes new servo-controlled radio frequency and ultrasonic welding systems.

Some declined to identify the customer or details about the medical disposables project, other than to say that the volumes will be in the hundreds of thousands of parts annually. He described the work as a natural progression in its growing medical molding business, which started

'In five years I think we'll be at around 50 percent medical.'

Jeff Somple
Mack Molding Inc.

with clean room molding, assembly, medical part molding, and then experience with Food and Drug Administration regulations.

"We've had our credentials in order," Somple said. "We're pretty confident that this will open the floodgates to higher-volume work."

"In five years I think we'll be at around 50 percent medical," he added. "We're going to continue our strategy of doing BBC work — molding big, bulky and complicated parts. Things that are difficult to ship and unlikely to be moved offshore."

Kevin Bradley, business unit di-

rector for Mack Medical, said work on the new project will be phased in gradually this year. Mack expects to be in full production by the fall.

In addition to this investment, Mack has two other Class 100,000 clean rooms — a molding clean room with six electric presses and an assembly clean room that is used for non-sterile packaging of medical disposables, light sonic weld assembly, and temperature- and humidity-controlled functional testing. Mack also has a white room operation with four hydraulic presses that make small medical parts.

New engineering talent brought in

Mack also has added new expertise in medical device engineering and realigned staffing.

David Clatworthy and Timothy Hutchings have more than 50 years of combined engineering and manufacturing experience.

Clatworthy, a Six Sigma Black Belt, came from AngioDynamics Inc. of Glens Falls, N.Y., where he worked in manufacturing and quality engineering for catheter products and molded components.

Hutchings was a senior project engineer for Covidien/Tyco Healthcare in Argyle, N.Y. He is a Six Sigma Green Belt.

Both engineers report to Scott Hodges, who has been promoted to manufacturing engineering manager. Hodges has worked at Mack for nearly 20 years in quali-

ty and manufacturing engineering. Most recently, he was responsible for all engineering, operations, production planning and compliance for the manufacture of several FDA Class III medical devices.

Hodges' promotion is part of a manufacturing reorganization designed to separate engineering from production at the headquarters plant. Engineering will focus on cost reductions, continuing improvement efforts and new program launches. Mack added headcount to create new customer-focused production teams that each include a planner, supervisor, manufacturing engineer, quality engineer and buyer.

Mack ranked No. 23 in *Plastics News'* most recent survey of North American injection molders. The company has \$287 million in annual sales and 11 plants.

PET

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coordinator and marketing manager for her family's Dordan Manufacturing Co., a PET thermoforming company in Woodstock, Ill.

She started working for the company in 2009 and was surprised to find that PET thermoform recycling was essentially non-existent across the industry at that time. But based on the increasing number of tons being recycled in the United States, Slavin now believes that the industry has proven that PET thermoforms can and should be recycled on a wide scale.

"All the hard work has been done, in my opinion, insofar as creating the specs, creating these design for recyclability guidelines, creating the end markets, proving the material is viable, proving the idea is not some sort of catastrophic issue," Slavin said.

The Association of Postconsumer Plastic Recyclers created a comprehensive section addressing thermoform recycling issues as part of that trade group's guide for plastics recyclability.

After discovering for herself the lack of a market for PET thermoform recycling back in 2009, Slavin set out to educate herself about the markets, take part in industry dialogue and do what she could to help create change.

"I am an environmentalist through and through, as a lot of people in the millennial bracket are. And I just really had a hard time being OK with the fact that all the packages that we are churning off our lines were ending up in landfills. It just bothered me fundamentally," she said.

Slavin also pointed to the success of a recently completed program aimed at promoting PET thermoform recycling as another reason to be enthusiastic about the future.

The Society of the Plastics Industry Inc. and NAPCOR recently came out with results from a \$100,000 grant program aimed at boosting the recycling rate of PET thermoforms.

A trio of grant recipients — Montgomery County, Md., Firststar Fiber Inc. and Pennsylvania Recycling Markets Center Inc. — collected and sold more than 300 tons of recycled PET thermoforms during the grant period, the trade groups said last fall. Those 300 tons translate into 600,000 pounds of material.

"The success of the pilot grant program demonstrates that there's a growing, viable market for PET thermoforms, and that consumers are amenable to recycling these valuable resources," Placon Corp. CEO Dan Mohs said in a statement at the time. Mohs also serves as chairman of SPI's Rigid Plastic Packaging Group, which managed the grant pro-

gram.

Placon operates a subsidiary called EcoStar that produces PET rollstock from recycled thermoforms and bottles.

PET thermoform material collected in the United States and Canada totaled 60 million pounds in 2013, an increase from 47.8 million pounds in 2012. The number stands out even more when considering there was no recordable thermoform recycling as late as 2010, according to NAPCOR.

Greater implementation of more sophisticated recycling systems, like optical sorters, will help push PET thermoform numbers higher in the years to come, Slavin said.

One key to future success, however, is expansion of the market in such a way that does not negatively impact current PET recyclers.

Not only do PET reproducers have concerns about inks, labels and adhesives, there also is the issue of look-alike packaging — thermoforms made from other resins — that could contaminate the PET recycling stream.

"I think we just need to be sure that we protect the PET bottle reclaiming infrastructure that we've spent so many years building and developing. We need to make sure we don't do anything that damages that," Dimino said. "We are confident that will happen."

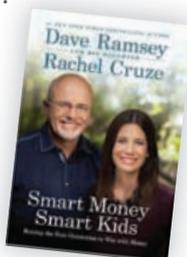
WHAT KEEPS YOU UP AT NIGHT?



Cary Quigley
President, Sterling Technologies Inc.

LIGHTNING ROUND

- 1 Family?** Married. Two boys. Ages six and four. "They never run out of energy." Also has two female chocolate labs.
- 2 First job?** Local corner garage shop. State inspections, welding.
- 3 What do you do for fun?** Archery hunting. Big game.
- 4 Most influential person growing up?** "Greg has done a great job really guiding me and helping me in my career."
- 5 What book is on your nightstand?** *Smart Money Smart Kids* by Dave Ramsey.
- 6 Twitter, Instagram, Facebook or LinkedIn?** "We've gained business out of LinkedIn. I would say I use LinkedIn the most."
- 7 Favorite sports teams?** Football and hockey guy. Notre Dame, Philadelphia Eagles, Blackhawks and Penguins.



Quigley

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Dakota. In Lake City, Quigley handles the day-to-day business, digs into the P&L statements. Cronkhite is the macro-economics guy, worried about the Affordable Care Act and long-term planning.

They refer to themselves as sales guys. But they are customer — and employee — centered. Quigley says personnel is what keeps him up at night.

"The biggest thing for me is the people. Not just the management group, but at all levels. Getting the right people in here, keeping the right people and growing the right people," he said.

Shifts at Sterling run all day, every day. Heavy day shifts might see 50 workers. Night shifts might mean 20 employees.

"We're pulling people from outside," Quigley said. "We've got targeted people we're trying to collect. We've got people we're trying to grow with different courses, classes. We try to do as much training as possible to bring those people up to speed."

What's he most proud of?

"Seeing some of the people grow. That's been fulfilling. Seeing them develop and mature into positions where they start to take over command of departments. That's very fulfilling."

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