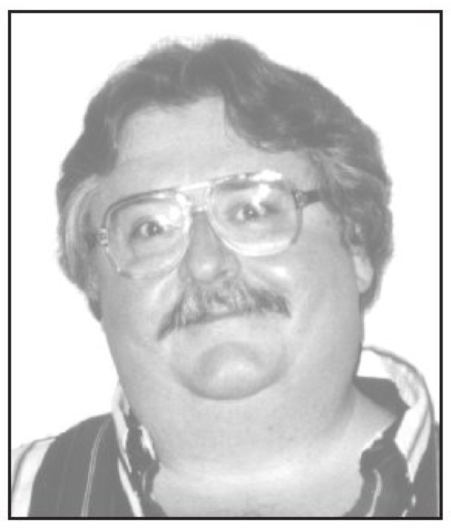
Plain Talk
Requiem for a Heavyweight

COLUMN BY ROB BUKSAR



Friends, rebuilders, countrymen, lend me your ear. Today we have come to bury and praise Ennis Automotive.

Ennis Automotive quit answering their phones sometime during the second week of May. Since then, according to a factory produced news release, Chapter 7 bankruptcy has been filed. In the last 15 years Ennis has been to rewinding what Coca Cola has been to soft drinks. They were huge by industry standards and incredibly competitive. "King of the hill, top of the heap."

Some of my critics will maintain the demise of Ennis is nothing more than the free market system cleansing itself of another unnecessary and/or overpriced supplier. Maybe it was the sum total of buckets of bad judgment.

I suppose there's at least a little truth in all the above. Although if you want to attempt being accurate take a hard look at the remainder of the American industry. It's all beginning to look unnecessary, and managed as if their leaders were in a panic (or desperation mode to survive). Keep in mind American government for the last 30 years has put global over national. Since 1994 no trade agreements have been friendly toward American manufacturing.

Ennis Automotive was one fine operation in every way. All the fine folks who managed and folks who worked there not only knew what they were doing but did it extremely well. For rewound parts, Ennis not only set the price but the standard of quality, which was always a tough act to follow. Those of us who followed in Ennis' wake moaned and groaned trying somehow to keep pace. Yet in looking back I'm sure the few survivors realize we're stronger because of Ennis.

There's already a lot of dialogue out there blaming the bankruptcy on poor decisions and bad judgment. Being in the same business I suspect Ennis' demise was not due to problems of their own making. It's a real stinker trying to manufacture in a country that is no longer friendly towards manufacturing. Most of the circumstances that killed Ennis were issues outside their control. I'm confident about this because we face the same issues and they are mind-boggling. Here is a sample:

- Reduced demand for repair parts as vehicle starting and charging technology continually improves.
- Extended factory and dealer warranties which keep older vehicles in the OEM dealer network for almost the life of the vehicle.
- Incredible pressure to sell cheaper and cheaper as inexpensive new component parts show up in the market cheaper than reclaimed or rewound. In same cases they are even cheaper than cores.
- Complete new units dumped in the market so cheap rebuilders cannot justify tearing down and ordering parts to rebuild them.
- China's monster demand for natural resources. The Chinese industrial dragon has become so large and insatiable it has driven the domestic cost of vital industrial materials right through the roof. The price of copper, steel, cast, cardboard, glass, plastic, motor grade scrap, and other essential manufacturing materials are at record highs. With offshore competition being what it is there is no way to pass these cost increases on. Pretty soon so many of these increases have been eaten there isn't enough margin left to cover overhead.
- China's demand for scrap has gone right off the scale, creating mind-boggling scrap prices. What does this mean? Our cores are being sold for scrap and not recycled. You cannot rebuild or rewind if there are no cores left.
- The demise of Ace Electric. Ace Electric was the last full-line shaft manufacturer to the rebuilding industry in the United States. Ace catalogued and stocked most all commonly needed auto and truck shafts. With Ace gone all of us who need armature, rotor and generator shafts have been forced to re-tool and purchase thousands of one part number just to have it available. Financially, there is only so much even the largest of us can stand and apparently Ennis reached their limit. Furthermore, once you've got shafts you have to hope to put together enough cores to put the shafts into.
- Cost of transportation, fuel surcharges, increased cost of all petrochemicals (varnish, solvents, thinners, etc.) needed to bring materials in or used in the manufacturing process itself. Due to offshore competition there is no way to pass these increased costs on to the customer.

All business works by money in-money out. As you're all aware, if the money coming out isn't much more than the money going in your days are numbered. With overhead and material costs skyrocketing, and margins squeezed to nothing because of offshore pressure, a manufacturer can pile up a mountain of unpayable debt real quick!

On a closing note, I had at least 50 phone calls in the last week asking if I heard about Ennis. Sadly, and no disrespect intended, the very next statement out of 39 of those callers was, "Do you think Ennis being gone is going to do you any good?" I understand the purpose and intent of the question, yet in all honesty I haven't thought much about it. Where I come from we bury the dead before we read the will and split up the remains. So I just don't know.

This is what I do know: All of Ennis' experience, know-how, capacity, career and job opportunities, and overall contribution to the industry and country have now come to an end. It will soon be forgotten as the multitude who have preceded them have. In a country that once prided itself in being productive, this is tragic.

Hail and farewell Ennis Automotive. Even though we were competitors, I for one (and I'm sure there are many more) want to thank you for all your contributions. For those of us who appreciate what you've done you will always occupy an honored place in our memories. Sadly this is the best we can offer.

God bless the small American businessman and heal us from our indifference. God bless America.

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