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Producers say CT's Manufacturing Innovation Fund helping sector's ramp up



Lyco Inc. employee Larry Wallace operates an edgebander machine, which strips and re-edges countertops, that was purchased with the help of a matching grant through the Connecticut Manufacturing Innovation Fund. PHOTO CONTRIBUTED

BY NATALIE MISSAKIAN SPECIAL TO THE HARTFORD BUSINESS JOURNAL
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Tom Lyon was eyeing a new piece of equipment for his Manchester company, Lyco Inc. The $60,000 price tag was out of his budget, but he knew he needed the upgrade to keep up with larger competitors.

So Lyon, whose family owned company recycles and re-manufactures office furniture and cubicle systems, applied and qualified for a $33,000 matching grant through the Connecticut Manufacturing Innovation Fund, which covered half the cost, plus associated electrical upgrades and training.

The machine, called an edgebander, can strip and re-edge countertops faster and with better results than doing it by hand, Lyon said, allowing Lyco to step up production and become more



competitive. He said the equipment helped boost sales to big office furniture dealers like WB Mason.

“The economy hasn’t been great the last 10 years, so these are investments we probably would never have made on our own, just because our margins are that tight,” said Lyon, who recently secured another $7,500 matching grant for new software and other improvements. “For a small business, it’s like getting a 50-percent-off coupon. It makes it a little easier to take that risk.”

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Lyco is one of 1,130 companies statewide — roughly a quarter of all Connecticut manufacturers — that have benefited from the fund, which is managed by the state Department of Economic and Community Development (DECD).

The state Bond Commission replenished the fund in August with $5 million in new bonding.

As of July, the state has spent $58 million under the program.

Created in 2014, the fund is aimed at supporting growth and innovation in Connecticut’s manufacturing sector, which employs more than 159,000 people at 4,300 companies statewide.

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A key part of Gov. Dannel P. Malloy’s economic-development strategy has been providing loans and grants to businesses that promise to invest in their plants, technology or workforce. It’s a strategy that’s come under criticism by some, including several gubernatorial candidates, who say the state has been spending too much taxpayer money on private enterprises.

Connecticut’s top business lobby, however, said the Manufacturing Innovation Fund has been a smart investment.



DECD Commissioner Catherine Smith said the fund began in part to help aerospace and defense supply-chain companies meet increasing demand from original equipment manufacturers (OEMs) — industry giants like Pratt & Whitney, Sikorsky and Electric Boat.

"The problem for the small guys was there was a rapid increase in the number of parts they were going to be expected to produce over a short period of time (as aerospace companies ramped up production). Plus, the OEMs were saying, 'You've got to cut costs. Oh, and by the way, we want to test this new-fangled technology,' " said Smith, who chairs the fund's advisory board. "While they were being asked to do all these things, the revenue to support that doesn't come until after the order is received by the manufacturer."

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Program menu

Through the Manufacturing Innovation Fund's voucher program, companies can get 50-50 matching grants of up to $50,000 to help pay for specialized equipment, training, research, software, marketing or other upgrades. Between 2014 and 2017, the state spent nearly $16 million to help 353 companies create or retain 548 jobs through the voucher program, according to a 2017 annual report.

The Innovation Fund also supports programs to bridge the gap between industry needs and workforce skills, such as the incumbent worker training program, which provides matching grants up to $50,000 for employers to train existing workers on new technology and practices.

Other initiatives include the Young Manufacturers Academy summer camp for middle schoolers, an apprenticeship program, and an education and marketing campaign to dispel misconceptions about the industry, as well as programs to help companies convert to green energy or develop innovations in advanced composites, additive manufacturing and non-destructive technologies.

CBIA support

Eric Brown, vice president for manufacturing policy and outreach with the Connecticut Business & Industry Association, said he's heard positive feedback about the fund from members, both anecdotally and through a recent survey conducted by the Connecticut Manufacturers' Collaborative, a new organization comprised of the state's major manufacturing groups.



"Several of the (Innovation Fund) programs scored very well and got a lot of good comments — most specifically the voucher program, the incumbent worker training program and the apprenticeship program," he said. "We're certainly hopeful that the next administration will preserve that fund and keep it focused on helping manufacturers directly with the challenges that they face."

While hurdles remain — a recent report card compiled by Ball State University gave Connecticut a "C" grade for its manufacturing climate — Smith pointed to a resurgence of manufacturing jobs in the state as evidence the fund is accomplishing its mission. As of 2017, the program had created or retained 4,496 jobs and leveraged more than $99.2 million in private investment, the annual report said.

"After 25 years of decline in manufacturing jobs, in the last two years, we've seen 4,000 to 5,000 new jobs a year. The OEMs are adding some of those jobs, but definitely not all of them," Smith said.

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