

Spreading Their Wings

A look at four Connecticut companies that are aggressively expanding out-of-state.

The success of The Bilco Co. can make you look at seemingly mundane products in a whole new way. Widely known for its basement bulkheads, the privately-held West Haven company has evolved over time into a specialty manufacturer of highly engineered access products. And in a welcome switch of scenario, this Connecticut manufacturer is expanding globally with robust orders coming from an unexpected market—China.

"My grandfather founded the company," says Roger Joyce, vice president of engineering. "He was an ironworker and he invented the all-steel basement door, which led to other similar products." Eighty years later, the company is a world leader in the very specialized niche of horizontal access doors—ranging from fire vents to sidewalk doors to roof hatches.

"Some of the products are seemingly simple, but these are highly engineered assemblies that operate smoothly due to the specialty hardware we developed for them," he says. For example, Joyce describes a special sidewalk cover Bilco manufactured for subway tunnels. "It's an 800-pound cover that will float open effortlessly." The company also developed

a large roof hatch in order to deliver MRI equipment to hospitals.

Specialization in many small niche markets has been Bilco's competitive weapon. "For virtually any type of construction, we have a product that would suit," he says.

The company, which has manufacturing facilities in Connecticut and Arkansas, has been very active in the United Kingdom for the past 15 years. Last year, it began setting up distribution centers in Hong Kong and Mexico City. Joyce says Bilco has enjoyed steady growth since its inception; it has 120 employees in Connecticut and 70 more in its other facilities.

Bilco has proven that it is possible to succeed in an environment which has become hostile to so many other Connecticut manufacturers. Likewise, several Connecticut-based companies have found the Nutmeg state to be a good springboard for expansion, leveraging its advantages of location, demographics and skilled workforce.

Speaking of expansion, Manchester-based Bob's Discount Furniture is on fire. The 15-year-old company



Brian Arsenault, executive vice president of NewAlliance Bank, is poised to take the bank into neighboring states through consolidation and mergers.

has averaged 10 percent annual growth throughout its history, and shows no signs of slowing down. With 20 New England stores under its belt, Bob's marched into the New York metro area market last year. Two stores were introduced in New Jersey, with more planned in that state. New stores are also in the works in Rhode Island and New York.

To accommodate this growth, the company has invested in infrastructure—and in Connecticut—by expanding the company's warehouse operations into a soon-to-be 900,000-square-foot warehouse in Norwich. "We drew a line 150 miles from Norwich to leverage efficiencies of operations," says Bob Kaufman, the company's president and well-known television pitcher. "[Connecticut's] geographic location is perfect for expanding throughout the Northeast." There are currently about 100 employees at the warehouse.

Kaufman says operating in Connecticut enabled him to expand his business to out-of-state. "If you can succeed with your business model in Connecticut based on its density and geography, you can replicate it in a more densely populated area. I have nine [Connecticut] stores serving a population of 3.3 million, whereas we have one store that serves 3.3 million people in Totowa [New Jersey]," he points out. "It gives you the ability to fine-tune your message."

For New Haven-based NewAlliance Bank, the message is bold leadership and, like Bob's, a focus on expansion into neighboring states.

In 2004, CEO Peyton Patterson presided over a historic, if contentious, merger conversion of three community banks into one of the top 100 largest banks in the U.S. NewAlliance grew even larger by acquiring a trust company in 2005, another Connecticut bank (Cornerstone) in early 2006, and a Springfield, Mass., area bank (Westbank) in mid-2006.

The \$16 million acquisition of Westbank raised NewAlliance's assets from \$7 billion

to \$8 billion, and its branch count from 71 to 87. The merger also offered expanded opportunities to offer cash management, merchant services, Internet services, trust and investment services, and commercial loans.

Connecticut provides a good environment for banking success, says executive vice president Brian Arsenault. "The Connecticut market is exciting, in that the demographics are the best in the country ... and the keys to success for a bank is capturing market share."

Another key is to think regionally. "The Hartford/Springfield market is largely a single market," he says. "Even though we're crossing a state line, we're not going out of our market. It's a mistake to think in terms

of states too much. There are natural markets, such as Westchester County and southwestern Connecticut, that cross state borders."

With 1,100 employees already in Connecticut, Arsenault says the latest bank acquisition may add new jobs to the Nutmeg State. "We'll bring the operational part of Westbank to Hartford, including

human resources, call centers and computer systems," he says.

Look for more consolidations and mergers in the future. "It's very hard to be a mid-size institution," he says.

While NewAlliance continues to grow and morph and may ultimately allow itself to be acquired by a larger entity, the principals of Milone & MacBroom are keen on preserving its legacy. Based in Cheshire, the company is a 110-person multidisciplinary consultancy firm that provides services in engineering, landscape architecture and environmental sciences to both public and private clients. The firm recently opened another office out-of-state, its fifth overall, adding to its presence in South Carolina, Maine and Vermont. Clients include housing developments, public works departments and industrial parks.

"It was always our vision—we wanted the company to exist long after we're

"Even though we're crossing a state line, we're not going out of our market. It's a mistake to think in terms of states too much."



Vincent McDermott, senior vice president of landscape architecture and planning for Milone & MacBroom, says investments by the state and federal departments of transportation in local municipal projects, such as greenways, have been favorable for the company.

gone," says senior vice president Vince McDermott. "We started about seven years ago to transfer company ownership to our younger employees. That's been the turnaround for us. They've become vested and therefore [are] making the company grow." The firm's other winning strategies are

are there because the costs of development elsewhere are so high. It's a great part of the state to live in, and not a bad commute from Hartford to Norwich, for example."

The state's commitment to improving its infrastructure has proved favorable for Milone & MacBroom, he points

Armando Paolino, lobbyist and director of the Connecticut chapter of the National Federation of Independent Business, says that Connecticut companies enjoying expansions are "mid-caps" that are large enough to absorb the high costs of doing business in the state.

its diversity of offerings and its hometown advantage. "We're one of a few privately-owned firms based in Connecticut—the only one with landscape architecture as a leading discipline," he says. "And because of the lack of very large projects in the state, branch offices of much larger firms leave the area."

McDermott foresees future growth for the firm both outside and in Connecticut, especially in the southeastern part of the state. "The opportunities for development

out. "The state and federal departments of transportation have [invested] a lot of money into local municipal enhancement projects, such as greenways. We're a natural for that work."

McDermott says Connecticut is a conservative state, with a more challenging environment for business growth. "There is a decidedly different attitude in other states—much more 'Can do' and 'Do it today,' without a lot of discussion."

Fred Wergles, founder and president of

Connecticut Economic Gardening Group (CT-EGG), a nonprofit organization that provides business analysis services to small businesses and entrepreneurs, agrees. "The frustration is there are all of these smaller [economic development] efforts—it's a patchwork," he says. "There's no one at the state level who's tying it all together."

Armando Paolino, lobbyist and director of the Connecticut chapter of the National Federation of Independent Business, says that Connecticut companies enjoying expansions are "mid-caps" that are large enough to absorb the high costs of doing business in the state. He lists unemployment compensation, health care, energy and property taxes as barriers for small business growth. "We need to think about the hurdles entrepreneurs face," he says.

Not everyone agrees with his characterization of the state, however. "High costs of doing business in Connecticut? That's an urban myth," says Fred Carstensen, director of the Connecticut Center for Economic Analysis at the University of Connecticut. "We've cut our business taxes considerably. We have high energy costs, but our businesses are more efficient at using energy. We have high medical costs, but we have a more productive workforce."

Bilco's Joyce takes a broad view of the state's business advantages in his role as chairman of the board of the Connecticut Business & Industry Association. "Our [collective] specialty has become technology in knowledge-based industries focused on innovative products with unique characteristics that require a depth of knowledge and creativity," he says. ■

Deborah Nason is a freelance business journalist whose work has appeared in national and statewide publications such as the *Christian Science Monitor*, *Investment News*, and *Virginia Business Magazine*. She recently relocated to Connecticut after serving as a contributing editor and lead writer for five years for the *Blue Ridge Business Journal* in Roanoke, Va. She has a master's degree in management and human resource development.