

## Sector cobbles jobless comeback

### New techology boosts productivity, reduces hiring needs

By Robert Gavin, Globe Staff | October 29, 2009

To cut costs when the economy tumbled, Peerless Precision Inc. invested in computerized equipment, partly to eliminate the use of costly subcontractors. Now that new orders are coming in, the equipment is allowing the Westfield machine shop to expand production without adding to its workforce of about 20.

"The bottom line is that by working with our employees, we've improved efficiency," said Larry Maier, the company president. "That's why we're still here. That's why we're having a good year."

Manufacturing in Massachusetts is rebounding from the deep recession, but as Peerless shows, the sector will be slow in recovering the 25,000 jobs it lost over the past two years. Even though production is projected to expand by nearly 5 percent over the next year, manufacturers are still expected to slice another 14,000 jobs before employment levels in the second quarter of 2010, according to forecasts by Moody's [Economy.com](#), a research firm in West Chester, Pa.

Improved productivity, or producing more with the same or fewer employees, is a key reason why manufacturing no longer generates the jobs it did during the heyday of textiles, shoes, and other traditional industries. But manufacturing nonetheless remains a key component in the state's economy, and one that will play an important role in its recovery, analysts said.

Despite decades of job losses, manufacturing still employs five times as many workers as biotechnology and ranks second only to health care in total payroll because its jobs are generally high paying, according to analyses by Moody's and Northeastern University's Dukakis Center for Urban and Regional Policy. Manufacturers account for \$1 of every \$8 in goods and services produced in Massachusetts and export more than \$20 billion a year in merchandise to foreign markets, according to the US Commerce Department.

Massachusetts manufacturers were hit hard in the recession, shedding 8 percent of their jobs and cutting employee hours. But the worst appears over. Many firms are reporting rebounds in orders and extending work weeks to meet the demand. Some are even calling back laid-off workers.

"We saw the lights go out last year, and now they're back," said Jack Healy, director of the Massachusetts Manufacturing Extension Partnership, a joint federal-state program that helps manufacturers stay in business. "Dim, but definitely on."

Some firms, however, say conditions are quickly brightening. Michael Tamasi, president of Boston Centerless Inc. of Woburn, said that in the past two months, his company has enjoyed record orders for the precision parts it makes for industries, from aerospace to medical devices. Workers are now on the job 42 hours a week, after being cut to 34 hours. The company, which employs 90 in Woburn and another 60 at its AccuRounds subsidiary in Avon, recently hired two workers and has openings for four more.

"It was tenuous, but we got through it," Tamasi said. "Manufacturing is still very viable and one of the best industries for the future."

Analysts said the state's manufacturing sector is well positioned for the recovery. Although the recession took its toll, the state's manufacturers fared far better than their counterparts nationwide. Manufacturing nationally shed 15 percent of jobs, nearly double the loss here.

Many economists expect the recovery to be led by business investment, particularly in the advanced

technology and equipment in which Massachusetts firms specialize. Manufacturers should also get a boost from a weaker dollar, which makes their products cheaper in foreign markets. "This industry was once in free fall," said Barry Bluestone, dean of Northeastern University's School of Public Policy and Urban Affairs, "but it has retooled and reinvented itself as a sophisticated, high tech sector."

Clinton plastics maker Nypro Inc., for example, prospered for many years by making casings and other components for consumer electronics. But as the electronics industry slowed along with consumer spending, Nypro has shifted its focus to health care products, said company spokesman Al Cotton.

Those products are experiencing solid growth, as is Nypro's health care products group, centered in Massachusetts. One of its divisions, NP Medical, recently completed a \$5 million expansion in Clinton, and it is considering another one, Cotton said. Nypro employs about 1,000 in the state. "We continue to grow in health care," he said, "and we're starting to see things improve overall."

Hugh Mason, president of Mason Box Co., in North Attleborough, said he is also starting to see signs of better times after a tough year. The 118-year-old box maker was forced to lay off about 30 percent of its workforce, which is now about 50.

"The worst is past," he said. "For those of us who've survived, as the economy comes back, we're going to be able to take advantage of it."

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