

Pandemic doesn't slow IEC's growth spurt



IEC Electronics Corp.'s new headquarters, located in Newark, Wayne County. Despite the pandemic, which is causing major disruptions in many industries, IEC recently acquired an 86,000-square-foot facility on Jetview Drive that will house 150 employees.

Wayne County company acquires facility on west side

By VELVET SPICER



Schlarbaum

In the midst of a pandemic that has wreaked havoc on numerous industries and the global economy, one area manufacturer is growing by leaps and bounds.

IEC Electronics Corp. has acquired a facility on Jetview Drive on Rochester's west side to ramp up hiring in light of improved sales and customer growth. The 86,000-square-foot facility eventually will house 150 staffers, a threefold increase from the number of employees currently at the company's precision metals operation on Emerson Street.

"One of the things we've experienced as our customer demands increase, we've either been winning new programs with existing customers or winning new customer awards," said IEC President and CEO Jeffrey Schlarbaum. "And the limiting factor for us in terms of how quickly we can produce for those companies we support is the human capital needs of those particular program requirements.

"We can buy capital equipment, we can automate processes. There's a lot that we can do in terms of equipment and automation, but the biggest challenge we have is human capital requirements to support the intricate and complex electronics manufacturing we do for these various companies," Schlarbaum explained.

Schlarbaum noted that while Wayne County — where IEC has been headquartered since its inception more than half a century ago — has a talent pool of fewer than 100,000, Monroe County has north of 750,000 residents.

"When you look at the statistics and say, where would we have a higher probability of acquiring and onboarding and developing future human capital needs, obviously the potential is far greater in Monroe County than where we currently reside in Wayne County," Schlarbaum noted. "Knowing the fact that our customer demands have continued to grow and we see further expansion, we didn't want

to put ourselves in a position where we might be limited in the amount of work we can do and the time in which we could do it by just 100 percent committing to the one location in Newark."

The new Jetview Drive location will become a dual purpose facility, Schlarbaum said. IEC will move the 50 employees it has at its Emerson Street facility to Jetview, where it will ramp up its precision metals operation. Additionally, the company will establish an electronic assembly operation very similar to the work that's being produced in Newark.

"Then our intent would be as we win new electronic assembly projects or new customers, over time we would likely bring those up at Jetview where we have lots of available square footage and access to greater population of human capital," Schlarbaum explained.

IEC's west side facility should be up and running in the first quarter of 2021, he said.

"We're hopeful in the first 12 months we would probably house in the Jetview location somewhere in the neighborhood of 100 to 150 employees, and obviously grow it from there," Schlarbaum said. "We're hoping to work with the network inside Rochester to help us accelerate the talent fairs and recruiting fairs, work locally with some of the constituents in training development programs where we can bring people in and accelerate the training process and the learning curve, and scaling that operation will only be gated on how quickly we can develop a broader workforce."

Last summer, the 900-person manufacturer broke ground on a \$22 million, 150,000-square-foot headquarters a couple of miles from its current manufacturing facility on Norton Street in Newark. The Silver Hill Industrial Park headquarters and manufacturing facility is expected to open this fall.

IEC also has a location in New Mexico that has expansion capability, Schlarbaum noted.

"All of our manufacturing is here in the U.S., so we're proud of the fact that everything we do is made in the U.S.A.," he said. "We think with the recent challenges associated with COVID-19 where sources of supply have been significantly impacted by the dependence upon China, we believe eventually that there will be some opportunities to capitalize on companies that are reconsidering their supply chain decision. That's one of the lessons learned broadly in the supply chain. As a company with a proven recipe for U.S. manufacturing, it'll provide hopefully some upside opportunities in

the future as companies re-evaluate building their products in the U.S."

Throughout the pandemic, IEC has continued to grow. In March, IEC won a \$15 million contract from a top global defense contractor. The multi-year contract is a low rate initial production contract, officials said at the time. Schlarbaum said the customer is new to IEC and the company had been pursuing it for more than three years as part of IEC's focused, go-to-market strategy.

In August, the company reported third-quarter financial results that showed an increase in sales and earnings. For the quarter ended June 26, IEC reported revenues of \$47.4 million, up 17 percent from \$40.3 million in the year-ago quarter. The company reported net income of \$2.1 million, or 20 cents per diluted share, compared with \$1.2 million, or 12 cents per diluted share, in the same quarter last year.

Schlarbaum noted that while the electronics manufacturing services industry is known largely for building consumer products, most of IEC's offers are life-saving and mission-critical, which means they are used in some essential defense or military application or an essential medical device application.

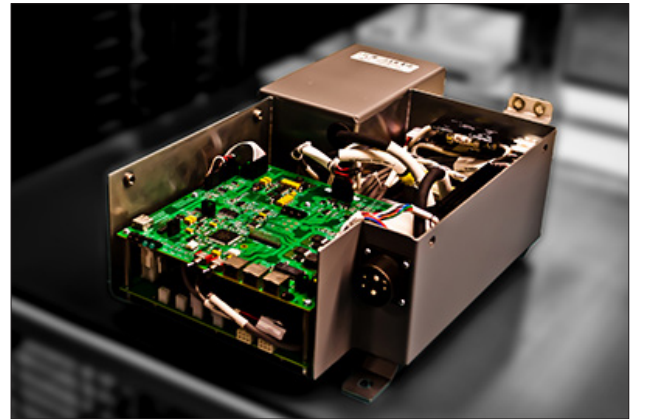


Photo provided

Pictured is an example of the electronics manufacturing that IEC works on. The company offers in-house fabrication of critical components.

"In some cases there are some essential industrial categories like semiconductor manufacturing, where the demand for integrated circuits is very high so the equipment required to fabricate integrated circuits is high, and we make the electronic modules to support that particular industry," Schlarbaum explained. "By and large, most of our customers' demand is steady or growing, and only in a few cases have some of our customers suffered decreases in demand. But I like to think that with our diverse customer base — kind of like a stock portfolio — if you have enough diversity, a few holdings you have that might be down are offset by the ones that are up. And that's kind of the way it's been for us."

Schlarbaum said IEC is doubling down on its commitment to the Rochester region.

"And we're excited to take advantage of all the region offers that we've been somewhat isolated from being out in Newark," he said. "This puts us right in the epicenter of access to a lot of the things that we really value in Rochester. We're just excited that this new east side/west side campus and further broadening of our reach locally will be a good thing, and a good thing for the region."

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