

Automated Robotic Metal Finishing Solutions providing Grinding, Polishing, Buffing, Deburring and Super Finishing Processes



Fritz Carlson
President

Acme Manufacturing Company
www.acmemfg.com

Contact:
Fritz Carlson
248-393-7300
carlsonf@acmemfg.com

Interview conducted by:
Lynn Fosse, Senior Editor
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BIO:
Glen A. "Fritz" Carlson III, President & CEO
Acme Manufacturing Company
Auburn Hills, Michigan USA

Mr. Carlson is President & CEO of Acme Manufacturing Company, a global leader in the design and manufacturing of machine tools and automated robotic finishing systems used in grinding, polishing, buffing, superfinishing and deburring. Mr. Carlson has over 32 years of industry experience and in 1997, became the fourth generation of the Carlson family to lead the 106-year-old company founded in 1910. As President & CEO, Mr. Carlson is responsible for overseeing all company operations, including the development and implementation of the Company's strategic direction. Mr. Carlson has established numerous relationships and global partnerships that have enhanced Acme's ability to penetrate domestic and overseas markets with cost-effective automated finishing solutions.

Mr. Carlson is an active member in the Association of Manufacturing Technology (AMT), Robotics Industry Association (RIA), Knowledge Enterprises, Inc., Young Presidents' Organization (Gold) (YPO) and a strategic integrator partner with FANUC Corporation., for grinding, polishing and buffing. Mr. Carlson has been a distinguished speaker at numerous Machine Tool and Automation Conferences on Acme's success in exporting capital equipment.

Mr. Carlson holds an Executive M.B.A. from the Advanced Management Program of Michigan State University and a Bachelor of Arts degree in Marketing from Michigan State University.

CEOCFO: Mr. Carlson, there is a 100-plus history at Acme Manufacturing. Would you tell us about the company today?

Mr. Carlson: Our focus has not changed since 1910. Our focus has always been to provide metal finishing solutions, which are cost-effective, productive metal finishing solutions. In the eighties, we started to get into using robots with our systems and now over 90% of our business involves automated robotic finishing solutions.

CEOCFO: Would you explain what is involved in metal finishing?

Mr. Carlson: The processes could be grinding, polishing, buffing, deburring or super-finishing. We sell to about twenty different industries globally. If you walk into a Home Depot or Lowe's and you see their plumbing section and you see all those nice chrome plated or satin finished plumbing faucets; we provide solutions for generating those finishes.

CEOCFO: *Are robotics typically used in finishing today?*

Mr. Carlson: It is used more and more because historically metal finishing has been done manually. We refer to manual finishing as the 3 d's which are dirty, dangerous and demeaning. It is hard to find millennials today that would want to become a hand polisher as a career because it is a dangerous job it is much easier to have a robot do it.

CEOCFO: *Is that true worldwide?*

Mr. Carlson: It is becoming true worldwide. Last year, over 70% of our business was export. We put a tremendous amount of robots in Brazil, China, India, Taiwan, Singapore, Turkey and Poland. Even in low-cost countries, those markets are asking for robots.

CEOCFO: *When a company turns to you, do they know what they want or do you assess the situation for them?*

Mr. Carlson: Generally most companies do not know what they want but a few do. How it works is they will provide us with requirements or specifications and then we will analyze the part families, the volumes, what is involved in taking a part from raw to finish and then we will come back to them with a recommendation on how we would go about doing it. If it is something we have not done before, then they will ask us if we can run sample parts, which we do all the time to prove out the process, the finish and productivity. Then we will go from there. Generally most people will just come to us with a part and say they need so many an hour and they need a certain finish and they ask us for a recommendation.

CEOCFO: *What might you look at when you are creating a solution, that other companies may not?*

Mr. Carlson: The first question is has that company ever used robotics before. If the answer is no, then we know that what we end up proposing to them should not be too advanced because what ends up happening is they will struggle if they do not have any robotic experience. They will struggle with a sophisticated robotic system versus giving them a simpler automated system that they are probably more capable of handling. You have to look at the capability of the customer because we can provide them with a cutting-edge sophisticated, efficient system but if they are not capable of managing it, then we probably made a mistake because that customer is going to be calling us all the time for support. You have to look at what the capabilities are of that customer and try to give them the right solution that is something that they can manage. The best customer you can ask for is someone that will buy a system, we train them and then we do not hear from them again until they want to purchase another system.

CEOCFO: *Do you work directly with customers or through distributors?*

Mr. Carlson: Because there are few companies that do what acme does in the world, most of the time we are working directly with the end user. We have employees overseas in China and India. We have an agent in Brazil, Poland, Singapore and Japan. Because what we are selling is a technical solution, there are very few agents that we would work with that would understand what is involved in the process. They may be able to help us get into an account but then we actually have to sell it technically. That is one of the reasons why we travel the world so much is that we go face-to-face with the end user and we are the ones that are trying to convince them this is the proper solution. Because we get into so many specialized applications, we do not really have a standard product per se and even a standard catalog because we have done thousands of applications and every day we will get a new application that may be similar to something that we have done in the past or something we have to start from scratch on. We can generally leverage what we have done in the past on other applications and we can repurpose some of the knowledge of what we have done somewhere else into something new.

CEOCFO: *Are people aware that this is a major investment?*

Mr. Carlson: When we get an inquiry and we are more qualified in the lead and we have a good idea of what the machine is going to cost, we will ask them if they are aware that this is going to be a half-million dollar investment or a million-dollar investment. Some of them will say I have \$50 thousand to spend or they will say they are aware and their business is growing. Then when you start to look at your return on investment, you ask is it a one shift, two shift, or three shift operation? In some cases, some of these systems that we are selling, the paybacks are less than twelve months. It also depends on the industry. For example, we do a lot of business in aerospace where the parts are high-value. When you are dealing in an industry where the parts are very expensive, automation is much easier to justify versus if you are dealing in an industry where the parts are not worth much. We do a lot of business in aerospace and medical devices. Both of these industries produce high value parts. You cannot be all things to all people and you cannot just shotgun and get to all industries. For example, hand tools are not nearly as expensive or a much lower value versus a turbine blade on a jet engine and so it is harder to justify automation. .

CEOCFO: *Has robotics changed much?*

Mr. Carlson: Yes it really has. We have been a FANUC Integrator partner for 32 years. FANUC formed a joint venture with General Motors and it used to be called GMF. That was in the late seventies or early eighties and we signed up with

them in 1984. From the first system we sold in 1986 to today, we are now using 2-D and 3-D vision and force torque sensors and most of the systems today that we are building are utilizing vision whereas ten years ago there were not that many systems using vision. Now the technology is starting to morph into utilizing artificial intelligence. FANUC has some new technology where they are partnering with Rockwell and Cisco. We are going to be demonstrating the technology at the upcoming IMTS show in Chicago in September. As far as how it applies to what we do, I would say vision is something that is very common today but wasn't five or ten years ago. Basically it gives the robot eyes so you do not have to have precision nesting of parts. You can save money on tooling and just the robot has vision to be able to find the part, pick it up and do what it has to do to it.

CEOCFO: Do you do much customer outreach?

Mr. Carlson: We are a privately held company. I am the fourth generation owner and just became the majority shareholder. We deal with a lot of Fortune 100 to Fortune 500 companies around the world. Because we are selling a specialized solution that is really a niche product, what I have found is that going face-to-face with potential clients whether in Brazil, India or China, Singapore or Taiwan, at the end of the day business is done based on relationships. We have a very good track record of doing business domestically as well as abroad because we go face-to-face. Again, it is relationships. For example, ten years ago in Brazil we had one customer and today we have seventeen. We dominate the Brazilian market even though currently the Brazilian economy is weak; we still have had tremendous success down there. A lot of it is relationships and also when you tell somebody you are going to do something, you do it. There are times where we get into specialized projects where we struggle but we will never walk away from a project or a customer, whether we make money or do not make money on it, we want to make sure that the end user is satisfied. We will do everything possible to try to make them satisfied.

CEOCFO: Did you always know you were going into the family business?

Mr. Carlson: I have been here 32 years as of July 30th. When I was young and in college I think, I had an idea that I wanted to go into the family business but I did not initially do it but when I got the phone call one day and my dad asked if I wanted to start in three weeks, I said sure. Family businesses are unique. They do not operate like publically traded companies do. Being fourth generation, there is a lot of pride that goes along with being able to survive over a hundred years. When you look at the statistics of family businesses, 90% of all third generation family businesses fail and 98% of a fourth generation family businesses fail. I have a son who is going to be starting college in a few weeks and he has worked here for three years when he was in high school. I think he has the passion that I have. The average Acme employee has been with the Company fifteen years, which is not common today but if you treat people right, you are fair, and you provide them with the proper tools and training to allow them to be successful, they will walk through walls and chances are they are not going to go anywhere else. At the end of the day, what is Acme? Well it is people. You take the people out of here and what do you have. The success of our company is dependent on having the best people. It just makes us a stronger company and we have seen some tremendous growth here in the last four or five years. It is exciting because we are a 106 year-old company and you do not see too many 106 year-old companies still in the same family.



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Acme Manufacturing Company