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Building Success in Mentor, Ohio

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According to the WTO, global commercial goods & services exports for 2013 exceeded \$22 trillion. With annual growth forecasts ranging from 4-5%, it's easy to see why investing in foreign markets is alluring for many companies.

Traditionally, foreign investment has been centered in global business hubs like London, New York and Hong Kong. The world has changed. Technological innovations have helped companies and cities of all sizes forge successful investment partnerships.

An excellent example of change can be found in the City of Mentor, Ohio.

Located just outside of Cleveland on the shores of Lake Erie, this affluent suburb had long determined that establishing a robust infrastructure and attracting diverse industries was a primary component to sustaining long term civic success.

What was once a sleepy farming community, evolved into a thriving retail and manufacturing center due to

thoughtful planning, convenient highway and rail access as well as proximity to deep water ports. Today, the city is home to a number of high-tech firms specializing in everything from aerospace to medical device design & manufacturing.

One key to Mentor's success has been attracting high profile businesses as well as complementary businesses that support them.

"We are fortunate to have attracted a good mix of not only producers but specialized suppliers and subcontractors as well. We have quietly become a high-value hub that serves a variety of industries," says Ron Traub, Mentor's Director of Economic & Community Development.

Foreign trade and investment have also played a major role in Mentor's success. Mentor-based companies export goods to six continents and nearly a dozen Mentor companies are currently owned by foreign interests.

Kenneth J. Filipiak, Mentor City Manager, saw a chance to increase collaboration between businesses, government agencies, and other parties connected to international trade.

"We have witnessed many examples of international trade success and their benefits in our city. But, we also recognized the ability to help our businesses do more," said Filipiak, "Companies face a number of challenges when exporting their products as well as procuring foreign direct investment. We knew we could help."

In 2013, Filipiak tapped Kimberly Holizna, a seasoned international business professional, to help craft Mentor's International Trade Initiative (ITI) in order to maximize the value of Mentor's infrastructure and available business incentives.

"A formal international trade function did not exist in Mentor," said Holizna, "My first priority was to directly connect with companies to let them know about the opportunities available to them from the city."

Those opportunities are substantial. An array of programs and grants were established which were in line with Mentor's philosophy of promoting the long term wellbeing of the city.

The Mentor Incentive Grant (MIG) rewards new job creation in the City of Mentor. The applicant company proposes an investment consisting of a new property lease or extension, real property investment as well

as personal property investment with the purpose of creating new jobs.

The grant amount is based on a company's initial payroll. The more a company exceeds the payroll threshold, the more it benefits from the grant.

Another successful program is the Mentor Economic Development Grant (ED Grant) - a one-time grant for companies which don't qualify for the MIG. The grant amount is based on the amount of investment a company makes in the city.

Smaller companies can benefit from the Mentor Small Business Loan Fund, which was created to stimulate growth and expansion of manufacturing, commercial and retail businesses that demonstrate job creation potential.

The City also offers a support structure to those companies relocating to Mentor in order to help them maximize the results of their investment.

"In addition to the incentives, we can also provide information and connections that many business leaders simply can't make on their own," says Holizna.

A prime example is a recent program coordinated by the ITI which was hosted at the Mentor-based headquarters of STERIS Corporation (NYSE: STE). The program focused on medical device sales strategies and attracted thought leaders from over 70 companies across the region.

A GREAT BUSINESS ENVIRONMENT

"I believe Mentor, Ohio is in the top 10% of cities in the USA for a division of a global company to be located.

As the senior US executive on site, I spend most of my time driving profitability and growth, but I also believe it is important to be an active corporate citizen.

I've found working with the City of Mentor government officials and the Mentor Area Chamber of Commerce to be productive and beneficial to EYE Lighting, our employees, and our commitment to the community."

*Tom Salpietra, President & COO
Eye Lighting International*



NOTE: STERIS made headlines in October, 2014 when it acquired Synergy Health PLC (LON:SYR), a Swindon-based provider of sterilization services. The new company is expected to achieve annual revenues in excess of \$2.6 billion.

A UK-owned company, Volk Optical, was represented at that meeting by their VP of Finance, Gary Webel. Volk is a subsidiary of Halma PLC (LON:HLMA) and is the world's leading designer and manufacturer of ophthalmic lenses for use in diagnosis and treatment of eye disorders.

"Our products are sold throughout the world. I guess you could call us a North American manufacturing success story," he says.

Webel attributes part of their success to help provided by the City in securing a development grant which he believes was key to nearly doubling Volk's business over the past several years.

"Growing sales, growing the tax base... we've added people and we've grown the company," Webel says.

Volk Optical was founded in 1974 by the late David Volk, MD – a world renowned ophthalmologist. Based in Mentor since its beginning, the company was acquired by Halma in the late 90s. Since then, the company's marketing approach has evolved from domestic to international focus.

"We had achieved market dominance in the US. If we were going to grow, we had to expand our international presence," said Peter Mastores, President of Volk Optical.

Volk's market balance was once 65% domestic vs 35% international – that ratio has now

flipped. In order to meet market demand, Volk needed more space and was considering relocation. Through the help of the Mentor Incentive Grant, they instead chose to renovate and expanded their current location and bring on additional staff.

"Mentor really stepped up and helped us achieve what we knew we could. Our labor force is highly skilled so staying in the area was important to us," said Mastores.

When asked whether the availability of vendors and suppliers affected their the decision, Mastores stated, "There is a real value to being able to drive around the corner and work with a business that understands our specialized needs."

Volk has recently expanded their outlook even further by partnering two other foreign companies on product development.

"Volk has been a part of the Mentor business community for a long time and we're pleased to call this our home," said Mastores, "We're thankful for what the city has been able to do for us."

Tom Salpietra, President & COO of Eye Lighting International is also pleased with his experience with the city and believes Mentor provides a great business environment.

"I believe Mentor is in the top 10% of cities in the USA for a division of global company to be located. As a senior US executive on site, I spend most of my time driving profitability and growth. I've found working with government officials with the City of Mentor as well as the Mentor Area Chamber of Commerce to be productive to our organization," he says.



AT A GLANCE

5,131

Total number of firms operating in Mentor

\$1.94

Billion in manufacturing shipments per year annually

\$1.48

Billion in retail sales annually within the City

Source: US Census

Steve Petras, Jr., an attorney with Baker-Hostetler, is also impressed with the tone and scope of Mentor's international trade programs.

"Mentor's approach on international trade is that it's absolutely vital but it's also challenging. To be successful, you must connect with peers as well as experts in government and private industry both in your backyard and around the world."

With over 35 years of experience in a broad range of international matters, Petras should know. He adds, "Those who want to engage in global trade must understand that while it's important to be innovative, it's even more important to be smart. Behind every opportunity that knocks, at least one or two risk are not too far behind."

Filipiak understands the delicate act of balancing risk and opportunity in operating a city. Resources devoted to one program might introduce a risk elsewhere. But, Filipiak considered there was even more risk had Mentor not seized the opportunity to help businesses in this region.

"We believe that in most matters, standing still is usually the biggest risk of all," he says.

Taking an active approach to cultivating a thriving community is part of the City's DNA as evidenced by the City's participation at Hannover Messe 2015 – the world's leading trade fair for industrial technology.

Leading the Mentor contingent is Mr. Ray Kirchner, President of Mentor City Council.

"When it comes to doing business in the City of Mentor, all branches of our government work together to promote new investment," says Mr. Kirchner, "Engaging the business community directly at these types of events demonstrates our devotion to finding private business partners who can succeed in our community, which leads to our success."

In addition to attending the conference, the group will spend time in the UK to meet with companies and business leaders in London, Birmingham and Swindon prior to their return to the US.

"Mentor is committed to developing relationships which make sense for our city...and foreign investors are finding that Mentor is a great place to do business," concludes Filipiak.

Learn more about the City of Mentor at www.cityofmentor.com.

ABOUT THE AUTHOR

James O'Hare produces traditional and electronic media to tell stories of innovative people and organizations. As Managing Partner of BioMedia, LLC, O'Hare shapes thoughtful reports on economic development, biomedicine, information technology, advanced manufacturing, advanced energy, and sustainable products and practices. Over the last 25 years, O'Hare has interviewed leaders in eleven countries, including executives of the world's largest corporations, senior government officials, and founders of start-up enterprises.



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www.MentorMeansBusiness.com