

Factories for sale;
Machinery auctioned off to buyers around the globe

DATELINE: KENTWOOD

Here on the factory floor of what used to be Synergis Technologies Group, the bidding for the Clearing 1,500-Ton 2-Point Straight Side Press soon becomes a global race.

A starting offer of \$16,000 for the 35-foot-high stamping press with baby-blue trim is placed by a local scrap dealer, one of 350 bidders who have showed up at Wednesday's auction at this tool-and-die plant outside Grand Rapids.

Within minutes, a representative for South Korean manufacturers chimes in for \$20,000. Via the live Webcast -- with some 170 participants from such faraway locales as Bursa, Turkey; Zagreb, Croatia; and Birmingham, Ala. -- comes a bid from Hyderabad, India, for \$40,000.

"Sold for \$60,000," declares the auctioneer, to, in fact, a Grand Rapids tool-and die company.

It's a small victory for a Michigan manufacturer.

For the past decade, Synergis workers used that massive press and more than 1,500 other pieces of machinery to forge the precision tools and molds that produced parts for an untold number of cars and trucks made by Detroit's Big Three. Now, as companies routinely crisscross the planet in pursuit of the cheapest way to manufacture everything from bumpers to computer chips, Synergis is left to join the mounting scrap heap of Michigan's dead factories and laid-off workers.

At the start of this decade, there were 57,000 workers in Michigan's tool-and-die field, many of them highly paid. When the state last counted three years ago, about 39,000 remained.

While jobs disappear and plants shutter, the silenced machines retain their value, often to out-of-state companies, Third World manufacturers, or, at least, scrap-metal dealers. About 70 entire factories in Michigan have been auctioned off this way in the past five years, according to several major auction companies.

Everything must go.

The Kentwood Synergis factory, one of three operated by the company, is among six Michigan plants scheduled to be sold off this month. For sale is everything from simple wrenches to machines the size of a downtown two-bedroom loft.

Ford Motor Co. has an ongoing auction and liquidation sale from now until next year as it sheds plants and machinery to cope with shrinking North American sales and rapid technological change.

Sometimes, as in the case of one Synergis facility, the building and all the machinery are sold to one company. A second former Synergis plant and its equipment are pending a similar sale.

"Every small town in Michigan, or Ohio, has generally been built around a large factory. And we've visited a lot of those towns," said Stephan Wolf, executive vice president of Hilco Industrial Corp., the company that staged this week's auction.

Since 2006, Hilco has handled more than 250 auctions in North America, mainly in Canada and the Midwest. "They've become a lot more prevalent in the past 12 to 24 months," Wolf said. "There are a lot of parallels to the early '80s, when everything seemed to be moving to Mexico. Now it's Asia and India."

500 worked at Synergis in '01

Synergis was one of the largest tool-and-die companies in western Michigan, employing 500 workers in 2001. Two years ago, the privately owned company thought it had found a way to compete with foreign competitors: It joined them.

Synergies President and CEO Jay Groendyke formed an alliance with three Chinese tool-and-die makers -- the very kind of low-wage companies blamed for driving U.S. manufacturers like Synergis out of business -- combining cheap Chinese labor with the technological expertise of veteran tool-and-die makers in Grand Rapids.

At the time, critics noted that such hybrid approaches carry a host of logistical and economic risks, but Synergis executives were

confident the plan could save the 160 workers left at the company. "Everybody looked at them as a way to make your company work," said Wendy Olsen, executive of the western Michigan chapter of the National Tooling & Machining Association, whose membership has dropped by more than half since 2001.

But on Nov. 9, Synergis employees showing up for work were told not to punch in. They were handed a photocopied letter from Groendyke, saying the company was going out of business.

"We have tried desperately to work with lenders and customers to avoid the need to close," Groendyke wrote to employees, according to a copy of the letter obtained by the Grand Rapids Press. "The impact of globalization has made it difficult to obtain new business and to compete on pricing."

Groendyke did not respond to repeated interview requests from The Detroit News.

'It's just very sad'

Several former Synergis employees showed up for Wednesday's auction. Some of them bid on some of the smaller equipment to resell. One handed out resumes.

"It's just very sad, that's all," said Mike Becker, 43, who was a tool-and-die maker at the plant. That's about all he and other former workers wanted to say during the sale, which took 14 1/2 hours.

At the end of day, the total sales amounted to about \$2 million. The machinery went to at least eight countries and at seven other states, but, that number will grow, Wolf said, as dealers and brokers resell the equipment.

"It will end up in many places across the world, and some of it will stay in Grand Rapids," he said.

Auctions like the one at Synergis is why the national tooling group advocates for an overhauling of trade regulations and free trade agreements.

"We look to the government to help us out and not let industries like this be lost," Olsen said. "If the government doesn't start taking notice it's going to be too late."

International Tooling Solutions is one of the nearby Michigan tool-and-die makers that plan to buy one of the closed Synergis plants. Co-owner Craig Maghielse says International Tooling is partnering with a foreign tool-and-die company.

He says it's the only way to survive.