

Lloyd Graff

Interviews John

Griner

John Griner has built Griner Engineering of Bloomington, Indiana, into a prominent, high-production, automotive parts supplier.

The core of his business is a Hydromat rotary transfer operation.

LG: HOW MUCH OF YOUR BUSINESS IS AUTOMOTIVE, JOHN?

JG: About 65 percent.

LG: HAS IT BEEN THAT WAY FOR A WHILE, OR HAVE YOU GONE UP OR DOWN LATELY?

JG: We might be down a little bit. We had no automotive for the first 10 years of the business but we have been as high as 90 percent. In the last few years we got into more heavy truck and heavy equipment.

LG: WHY DID YOU WANT AUTOMOTIVE WORK IN THE FIRST PLACE?

JG: The money was good. Back in the early 1980s there were some local opportunities with a Ford plant and we dipped our toe in the automotive arena — some really great volumes. Then I had the “opportunity” to meet the real buyer in Detroit for the first time. He was kind enough to tell me if I didn’t cut my price in half he was going to throw me out of the vendor base. At that point in time Ford was 70 percent of our sales. They’d gone from nothing to about 70 percent in about three years. That’s what prompted us to go get Hydromat machines like some of the other early adopters around the Midwest. In the case of our initial part, we went from 32-second cycle time, running single spindle equipment with 10 people and seven single spindle machines with one CPK to one Hydromat, two people and a 3-CPK. Begrudgingly, the customer got their 50 percent price reduction and life went on. I guess the money, the higher volumes and the interest in running fewer higher dollar value jobs, versus the complexity of running many low dollar jobs from multiple customers is what attracted us.

LG: SO RUNNING AUTOMOTIVE WORK APPEALED TO YOU BECAUSE IT WAS SIMPLER?

JG: Yes. Fewer parts and larger orders made the business easier to manage.

LG: DOES IT MATTER TO YOU IF THE DETROIT THREE FILE FOR BANKRUPTCY?

JG: Griner Engineering has had several of our customers file on us and it has actually not caused too much pain. In the case of Delphi, they paid their bills up within 30 days, and then we sold the paper to someone else for 74 cents on the dollar. So while it hurt, it wasn't the end of the world. We've had other customers where similar things happened. I think if they file for bankruptcy and there isn't a huge shortage in cash flow going out to the vendors it probably is a good thing, because they will be able to deal with the union, close plants and get rid of dealers. If they choose to not pay their bills, horde a bunch of cash, stretch everybody out 90 days and then cut them off — that would be a lot more of a problem for a supply base.

LG: SOME PEOPLE THINK THIS IS A GOOD TIME TO BE LOOKING FOR AUTO WORK BECAUSE SO MANY PEOPLE ARE WALKING AWAY FROM IT.

JG: It does seem like there will be opportunities for people who can be very quick on their feet. If a supplier goes out of business or has supply problems and someone else can respond immediately to that, they could get a premium price for doing the work. You almost wonder if part of the "buyer's game" is that if a supplier goes out of a business and they can't match the price, they get to plug in a new higher price into the system and then they start the game over again.

LG: HAVE YOU FOUND THE TIER 1 AND AUTOMOTIVE PEOPLE TO BE REASONABLE?

JG: Are my automotive customers reasonable? I like to say when people are drowning they're not always on their best behavior. We work with some clients that are very reasonable and we've worked with others that are just totally unreasonable. I wish I could be more specific but it just really seems to depend on the people that you're dealing with. Is the PPAP process reasonable? It does add cost. If I put a number on it, I'd say doing a PPAP costs \$2,500 to \$5,000. Some people in the industry charge some amounts of money for them, 500 bucks, 1,000 bucks or something.

My quality department will spend three days putting the package together, and then you have all the other requirements and things that you're tied down to doing or not doing, which adds cost.

LG: I THOUGHT IT COULD TAKE MONTHS AND MONTHS TO PPAP.

JG: We got a project last fall that was delayed getting through the PPAP process by four months. Sometimes it just drags on forever over silly stuff. But are we going to save the world by throwing PPAPs out? Much as I don't like bureaucracy and procedures, I think for higher volume work it really does bring value. I don't feel that it brings any value to prototype work. But it does force you to come up with a process that's capable. We found if it's not 2-CPK or better, you're going to fuss with the process a lot. So it does force you to have a stable process, have things documented and to think things through.

LG: DO YOU BUY INTO THIS IDEA THAT IF THERE WAS A DISRUPTION WITH GM, CHRYSLER OR FORD THAT IT WOULD HARM THE ENTIRE INDUSTRY INCLUDING THE TRANSPLANTS?

JG: To the extent that 35 percent or so of your business just goes away, yes. I think that a meltdown of the Detroit Three could affect the other companies. The net effect would be that you'd have less suppliers here and some of the work would go back offshore.

LG: DO YOU BUY THE IDEA THAT IF YOU CAN DO AUTOMOTIVE WORK, YOU CAN DO JUST ABOUT ANY KIND OF METAL TURNING?

JG: I think that doing automotive work does put a certain amount of discipline into your business practices. On the other hand, what automotive work does not train you to do is have flexibility or be creative. It's about repetition, using a stabilized process and doing the same thing over and over again.

LG: IF YOU WERE STARTING YOUR BUSINESS TODAY WOULD YOU DO AUTO PARTS?

JG: Would I do auto parts? If I was going to start a business again I would just find whoever has stuff they want to have made and figure out how to serve that niche — automotive, medical, you pick it. But I think initially you need to find a customer with money that's willing to buy stuff from you



ABOVE: Griner Engineering's 54,000 square foot, climate controlled building, contains 11 Hydromat rotary transfer bar/chucking machines, four CNC multi spindle screw machines, 12 conventional multi spindle screw machines/chuckers, eight CNC bar and 2nd operation machines and six centerless grinding and superfinishing machines. The company employs 50 people.

at a fair price, then you organize the business around that. I know a lot of people who come up with a grand vision and it takes 10 years of perseverance to make it happen. I'm more the type of person who will go out and ask what kind of opportunity exists, and then figure out how to get the right technology and people to make it happen.

LG: HOW DO YOU FEEL ABOUT INVESTING IN AUTOMOTIVE WITH THE SHAKINESS OF THE INDUSTRY?

JG: Years ago, when I was young and stupid, we bet the company a number of times on new projects. There was an anti-lock brake project which we literally bet the company on to do. We bought about \$3 million worth of technology back in the late 1980s when at that point in time we were only doing a little over \$2 million in sales. It was supposed to be a 3-year contract. At the end of the day it worked out quite well for us. We actually had one year where we made a million dollars profit off one job. This was during the Lopez Era, and they were kind enough to tell us their contract wasn't worth the paper it was written on — that got me worried. Since then, especially when we had the metal surcharges the first time in 2004 and then in 2008, what I've discovered is that having a long term automotive contract is actually a

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ABOVE: John Griner, left, with plant manager, John Elmore, operating a Hydromat rotary transfer machine with robotic loading that machines cold formed, starter parts for the automotive industry.

liability. I think that as a supplier you're better off not having a contract because the auto contract is really just a one-way contract. You're obligated to provide this part for such and such a price and you really can't get out of it for the length of contract. The automotive customer can essentially fire you for any reason they want to and pay you darn near little, if nothing at all. So based on having a contract like that, [would] I want to invest millions of dollars to do new work for the auto companies? Our strategy nowadays is to invest in lower cost technology to fill the niche but not necessarily buy machines that are going last 20 years. We're looking more for 5-year solutions.

LG: HAVE YOU LOOKED INTO MAKING PARTS FOR THE MILITARY? ISN'T NAVISTAR MAKING THOSE ANTI-MINE VEHICLES NOW?

JG: A little bit. There's Crane Naval Weapons which is close by — they always have a lot of low volume stuff. There is also some high volume ordnance work. One of my engineers here used to work for an ordnance plant. But the real answer is that we've never explored that market very thoroughly. There seem to be ups and downs in military spending, depending on which way the winds blow.

LG: WHAT IF GAS STAYS AT \$1.70 OR \$1.80 FOR THE NEXT YEAR, DO YOU FORESEE A SIGNIFICANT MOVE BACK TOWARDS LARGER VEHICLES LIKE PICKUP TRUCKS, SUVs?

JG: Yes. Matter of fact, Ford truck sales are up. We have

firsthand experience that Ford truck sales are pretty hot right now — one of the best movers at the moment. I guess some people really do need to have trucks, maybe not necessarily SUVs though. Although, if gas prices stay low, that might be what I continue to drive, even though they're not popular anymore.

LG: WHAT CAR DO YOU DRIVE TODAY?

JG: I've got a Jeep Grand Cherokee Limited. I've had about eight of them. I used to choose them because you can take it down to the dealership, they give you another lease and you drive another one home. The buying process is very simple. You don't have to spend three days driving around negotiating for a car.

LG: DO YOU THINK YOU'RE GOING TO STAY IN THE AUTOMOTIVE GAME, OR ARE YOU LOOKING TO DIVERSIFY MORE?

JG: I'm definitely going to stay in the automotive game. We've talked a little bit about diversification though, which Griner Engineering has tried over the years. We've done things as diverse as trying to get into the waterjet cutting business. We are really, really good at running rotary transfer machines and high volume type parts. I attempted to start a couple other ventures, including software development. I also tried to develop a print-on-demand book machine which you put in bookstores. But it seems like I'm destined to be in the auto industry, so I'm just going to suck it up and make the best of it.



To see a slideshow with an audio excerpt of this interview, go to the videos link on www.todaysmachiningworld.com

John Griner



John Griner, president of Griner Engineering. Photography by Mike Taylor



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