

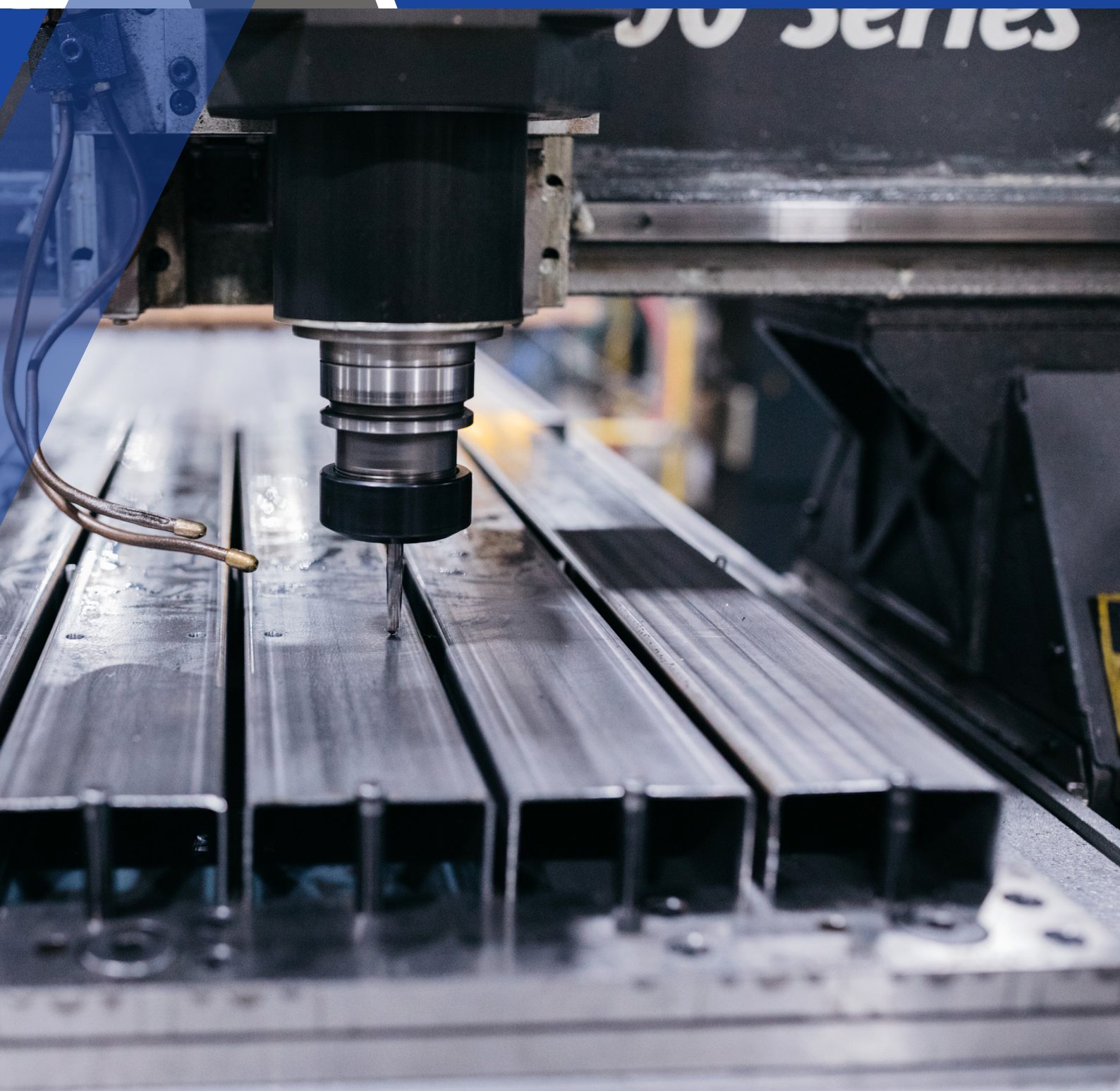




Supplying  
**Precision Parts**  
to **POWER**  
**INDUSTRIES**







*Seventy years ago, Lutco Inc. was a metal stamping company that helped the war effort. Now, it is a sophisticated manufacturer of semi-precision bearings and assemblies in fast-growth industries like air cargo transport.*



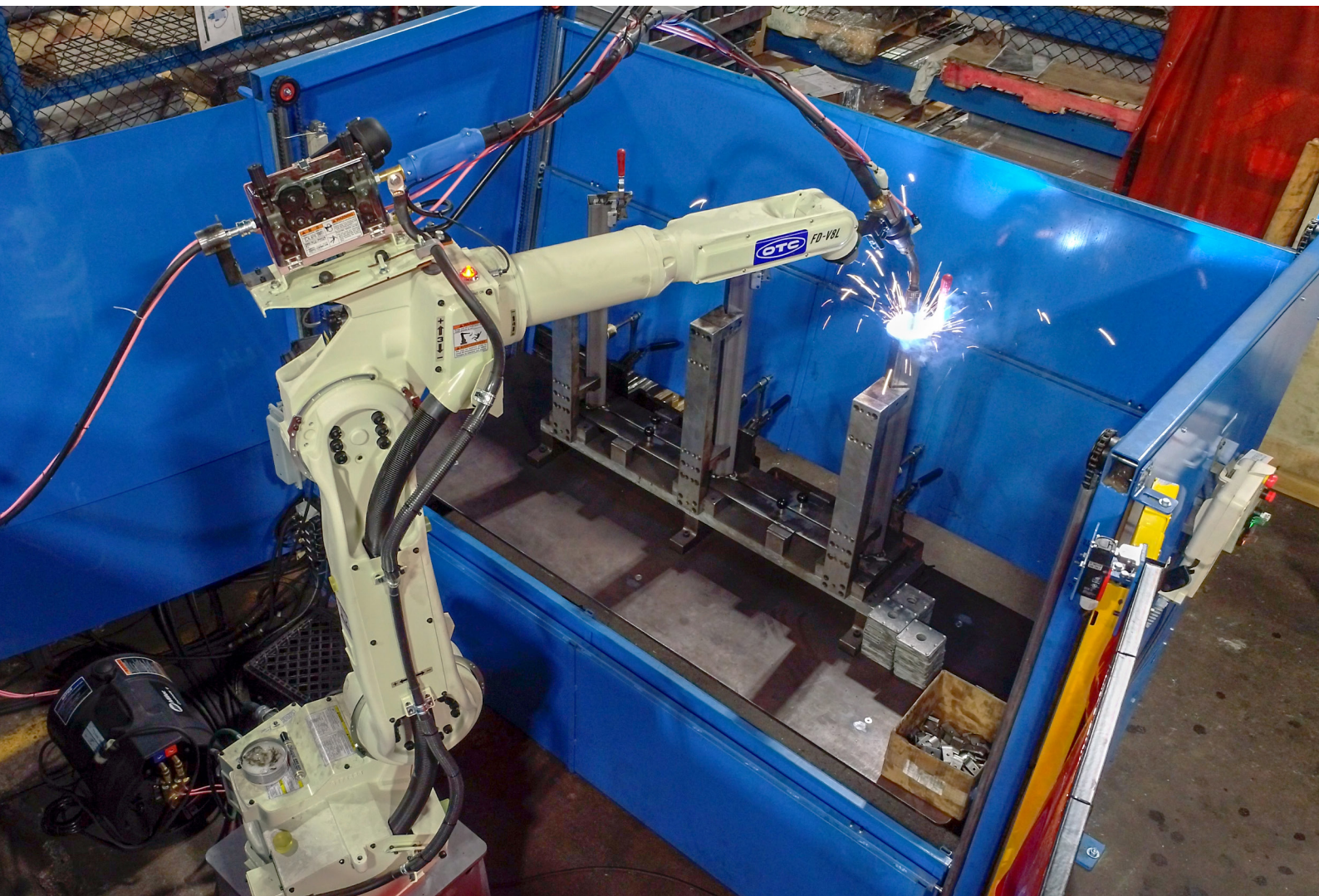


**M**achines are the muscle that keep important industries moving forward. They also happen to have a lot of moving parts that move together very quickly with the potential for breakdown if these parts rub together. That's where Lutco's bearings stand up to friction so it's all systems go.

Lutco, located in Worcester, Massachusetts, has been in the business of manufacturing ball bearings and other custom metal assemblies for more than 70 years. Simply put, bearings consist of small metallic balls that ride between two steel races. Ball bearings are used in machines with moving parts to reduce friction and ensure proper operation.

As you can imagine, Lutco's markets range broadly from farm machinery to consumer durables like appliances and other household goods, material handling, trucking, industrial equipment and recreational vehicles.

In fact, the bearings are just the start of the company's innovation and track record with customers for cost-savings and new product development. "We are always open to leveraging our capabilities to make things happen for clients and that's what sets us apart," says Bob Santoro, Lutco's National Sales Manager.





"We also make unique custom-designed products. If we can find an application that can use our type of bearing and think outside the box to make it into a sub-assembly by mating components that are around it, we are adding value. It's a win-win for the customer so that they don't have to source multiple parts and assemble it. Providing a more value added assembly also results in a total cost savings for our customers."

And that's the nice balance that Lutco offers. They have the capacity to turn out more complex assemblies for customers, but the vibe at the company is much more 'boutique' than 'massive, faceless manufacturer.' They have long-standing relationships with many of their customers, and by getting to know their needs and expectations, Lutco is able to build more customized assemblies that use machining, bending, welding and heat treating capabilities to suit the project.

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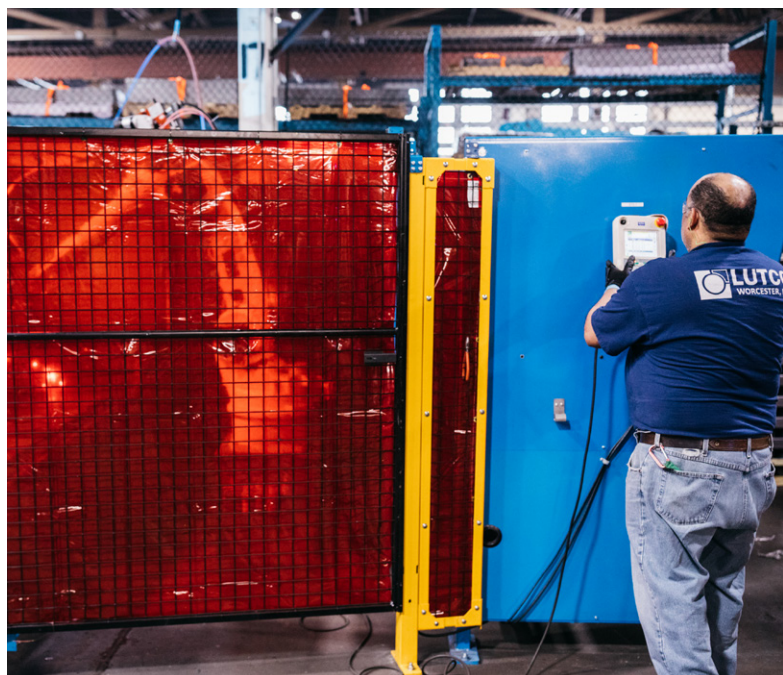
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But it wasn't always about building bearings and complicated assemblies; early on Lutco was a metal stamping company that supported the war effort with parts and items for the military. They received flags of recognition for their contributions throughout the Second World War. After the war, there was a boom in demand for consumer metal-based products, so Lutco switched to making parts for all kinds of items from clocks to coffee pots. They were doing very well into the late 1940s and as demand cooled for metal stamping, Lutco evolved and began to design and manufacture parts for emerging industries.

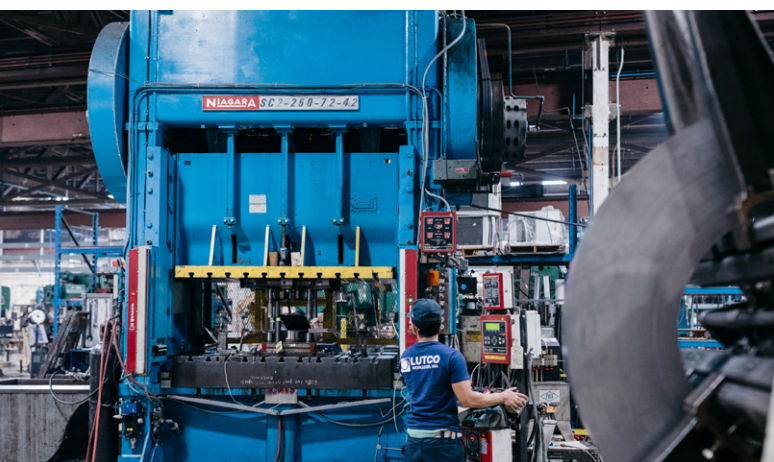
A key advantage for Lutco is that it is a family business. This has helped them to get things done for clients faster – and it also makes them a lot more nimble when it comes to changing course and serving new markets.

Dug Stowe, Operations VP and son of owner and President John Stowe, talks about how they made the jump from a contract metal stamper to a bearing manufacturer.

"We had a vision of branching out into something completely different and in a way used our variety of capabilities. We began developing these stamped bearings because there was more market opportunity for these types of products. This is what we continue to have today as our staple product." This direction opened up many new doors for Lutco and they began ➤







► to produce increasingly complex products for their clients like sub-assemblies and sprocket assemblies.

As they expanded into more markets, offering more options to customers, they grew to proudly become the largest producer of flanges in North America. Flanges are a two-piece, pressed steel housing that have a number of applications that control torque and alignment in machines. This meant customers could order more complete assemblies and complex parts without having to source them from different suppliers and put all those parts together. By consistently developing new innovative products Lutco became a much sought-after one-stop supplier.

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***“We were able to overcome the impact of all this change without missing a beat, without inconveniencing customers.”***

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And while Lutco continues to expand the complexity of their product offerings to keep pace with their clients' needs, they stay true to their roots. In 2006, they were working on projects that needed flanges which were bigger than their stamping presses could manage. “We outsourced to a local stamper here in town,” Santoro says, demonstrating their agility to ensure they meet customers' needs.

A few years later that same company ran into financial difficulty and Lutco was in a position to buy their assets. “This gave us greater capabilities than we had in-house like bending, shearing and robotic welding. We also inherited their customer base so we were actually back to making contract stampings in addition to bearings.”

This expansion also included a tremendous amount of physical change. At that point, the company was operating out of three facilities plus renting an additional warehouse. There was a lot of back and forth among the buildings to make everything work. To bring all their operations together, they purchased a building close to their main center. “We streamlined our entire operation by consolidating, moving equipment around and optimizing workflow,” Stowe says. “We were able to overcome the impact of all this change without missing a beat, without inconveniencing customers. We are proud we did not miss a single shipment.”

Throughout building upgrades and the process of moving 65 machines that weighed up to 70,000 pounds each across town, Lutco was focused on delivering the same level of high quality parts to customers on time. Now Lutco has more than 175,000 square feet of facilities and 110-plus employees. “The move was also about integrating from a cultural standpoint. It's not hard



to get machines working together, they do what you ask them to do. But people are a different matter. We've gotten closer by actively listening to employee input and working together every step of the way. It was quite an adventure," Stowe says.

There are unique dynamics that go along with being a family company, including pressure on family members to come on board – not the case for Stowe. "I was always given the choice, and in fact I have not been here my entire career. I understand the value of being here," he says. "I also feel that I have a responsibility to the previous generations, to their blood sweat and tears. It's a privilege to be in a position here like this."

Stowe recognizes the value of a close-knit and genuine workforce that comes with a smaller company. "We care about our employees. If Bob wanted to coach his kid's soccer team, you only get the chance for a short period in your life to do that, so we want to make that possible for people."

Creating a great environment also means looking out for new opportunities. One market in particular, air cargo, has a lot of potential for Lutco's growth, given the rise of ecommerce and unparalleled demand for air transport of goods.

"Airports are expanding their air cargo facilities and they are fitting them out with material handling systems that in many cases requires a product that we are focusing on," Santoro says. They are getting approval for parts for a major well known air cargo transport company and have quotes out to several other air cargo facilities. Opportunity knocks.

For Stowe, venturing into this new area means taking the same deliberate steps that has brought Lutco success over the past 70 years. "We are making contacts with air cargo material handling systems integrators for a new product offering. This can be a significant opportunity for us. It is high volume, growing, and we want to grow with it." ■





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