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Michael Hilton
Nordson Corp.

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NORDSON HAS BUILT A WINNER ON INNOVATION, GRIT & GLUE

BY JENNIFER KEIRN AFTER A TOUGH 2009, NORDSON CORP. HAS SPRINGBOARDED TO A RECORD YEAR WITH FRESH ACQUISITIONS, NEW IDEAS AND A DIVERSIFIED GLOBAL REACH.

When you broke open that box of cereal this morning, you unknowingly touched a bit of Nordson Corp.'s technology. Same thing if you cracked into a case of beer with your buddies on Friday night or threw in some laundry before work.

Changed your baby's diapers? Shot off a text on your smartphone? Yep and yep, you'll find Nordson's influence there too.

Nordson is a \$1.2 billion public company, headquartered in Westlake, with 14 manufacturing locations and 4,000-plus employees worldwide. It's a major force in regional economic development, yet most in Northeast Ohio would be hard-pressed to describe exactly what Nordson does.

"When I took this job, my wife got so excited. She thought I was going to work at [fashion retailer] Nordstrom's," jokes Michael F. Hilton, who has served as Nordson's president and CEO for the last two years.

Far from trendy shoes and handbags, Nordson's core market can be found under the seals of that cereal box or case of beer. Its equipment dispenses the glue that seals such packaging, holds together the dozen-or-so layers that make up a diaper, and adheres each of the wafer-thin components to one another in the guts of your smartphone.

Its equipment is also used in powder-coating — think of the paint on your washing machine — as well as for quality testing of circuit boards and application of biomaterials used during surgery.

The company serves diverse markets with global reach, but Hilton is tight-lipped about the companies that use Nordson equipment. "They're brands you would recognize. Brands that are doing really well right now," says Hilton with a hint of a smile.

Nordson is doing really well itself. The company posted a record year in 2011, with sustained operating profits of 26 percent and a two-year growth in sales of 50 percent, following a predictably down 2009.

In that year, the company acted fast to slim down in the face of declining sales. Nordson saved \$50 million due to permanent structural improvements. The company also reduced its workforce by 10 percent, but has since hired back to 400 employees beyond previous levels.

Michael F. Hilton,
president & CEO, Nordson Corp.



"They have historically had strong operating performance, but they really knocked the cover off the ball the last two years," says Mark Douglass of Independence-based Longbow Research, an analyst who follows Nordson. "Compared to other companies, they weathered [the downturn] really well. They reacted quickly."

The company's presence in so many far-flung industries is part of what helped Nordson stay afloat when so many manufacturing companies were drowning.

"Regardless of market conditions, people need to eat, they drink beer, they put diapers on their babies. ... Those were recession-resistant markets," says Jim Jaye, Nordson's director of communications and investor relations. "We saw a faucet get shut off in electronics, but that demand came back very quickly."

Asked to illustrate the diversity of Nordson's end-use markets, Hilton asks, "Do you ever watch Dr. Oz?"

Last year, *The Dr. Oz Show*, the health talk-show starring Cleveland native Dr. Mehmet Oz, highlighted Artiste, a new product currently in clinical trials that incorporates Nordson technology to inject cosmetic fillers such as Restylane and Juvederm.

Hilton says Artiste is an example of the kind of startup venture in which Nordson invests, but the company is also active in more substantial acquisitions. In 2011, Nordson acquired three companies that extend the company's technology base. Two will help expand its presence in the medical market and another will bring the company closer to the flexible packaging market.

With a presence in so many industries, there's no shortage of ideas for applying existing technologies in new products. "One application for us is assembling window frames," says Jaye. "Some smart guy at Nordson said solar panels aren't all that different from a window frame, so now we have a small but encouraging business in solar equipment."

Nordson may not be a household name in Northeast Ohio — "we're the smallest billion-dollar company you'll find," says Jaye — but in its core markets, Nordson is the industry giant. It has few competitors, and most are companies with limited regional presence.

Hilton insists that Nordson maintains a small-business mindset, despite the fact that the company has grown to operations in 32 countries with plans for double-digit growth.

"You won't find a lot of bureaucracy here," he says.

While Nordson's home is a new headquarters building in Westlake that holds just more than 50 employees, its heart is 30 minutes west in Amherst. A campus there is home to Nordson's local manufacturing presence, which employs more than 400.

This facility is where Eric and Evan Nord started the company back in 1954, as a division of the U.S. Automatic Co., founded in 1909 and led by their father, Walter G. Nord.

Nordson's first technology was equipment for spraying paint and other coatings, which later expanded into so-called "hot melts" used to seal cartons and other packaging.

Over 50 years, the Nordsons honed and expanded on their early technology, bringing 15 other companies into the fold that gave Nordson the diversification and global presence it has today.

It all began with a single patent on that spraying technology. Now Nordson holds 380 patents in the U.S. and 790 around the world. Another 187 U.S. patents and 741 foreign patents are pending.

Parts of the Amherst plant haven't changed much over the years. It's a tool shop like you'd expect at any light-assembly facility. Plaques and photos on the walls commend Nordson leaders, celebrate the company's involvement in civic and charitable causes, and mark some of its most significant patents.

But other parts have gone high-tech, such as the powder-coating test lab where customers come to approve samples of their products.

Metal parts hang from hooks suspended from an overhead conveyor system. They glide into a gleaming white tunnel, where 12 guns loaded with nozzles spray powdered paint on the metal. The conveyor advances these parts through the tunnel and into an oven that bakes the paint to a gleaming finish; it's dry to the touch within five to 10 minutes.

"This plant is a really important part [of Nordson's growth]," says John Palazzo, Nordson's director of industrial coatings, marketing and business development at its Amherst site. "It's all employees pulling in the right direction."

The last of the Nord family — Eric Nord — retired from Nordson in 1983 but served as chairman until 1997 and chairman emeritus until his death in 2008. His name remains associated with civic and philanthropic involvement in Lorain County.

In 1952, the Nordsons started the Nord Family Foundation, which has deployed more than \$79 million in local philanthropy. Nordson Corp. also directs its own charitable arm,

which has awarded another \$40 million in grants since 1988.

"I don't know where Lorain County would be if not for Eric Nord and Nordson Corporation," says Steve Morey, president and CEO of economic development organization Team Lorain County. He says Nordson's influence isn't just felt in support for such causes as Big Brothers Big Sisters of Lorain County and the Amherst Downtown Betterment Association. It also helps Team Lorain County attract businesses to the region.

"The low-hanging fruit are those in the supply chain of an existing business," he says. "By having a company so large and successful as Nordson, it gives us access to [Nordson suppliers] who might want to locate here."

Much of Nordson's community involvement today, says Hilton, is based in supporting an education infrastructure that can train future employees in advanced manufacturing enterprises. Nordson works with Lorain County's school systems to support science, technology, engineering and mathematics education and assists Lorain County Community College to craft courses that will prepare students for jobs in its Amherst facility.

In a community where the Nordsons have been a fixture for a century, Hilton is a newcomer. He assumed the top spot when former CEO Edward Campbell retired in 2010.

"He has a good track record," says Mark Douglass of Longbow Research. "He's keeping Nordson focused on lean [manufacturing] for continuous improvement."

Hilton is an even-keeled leader, polished and straightforward. He sees his role as setting the vision for the company, coaching his managers, then getting out of the way. Before joining Nordson, Hilton spent all 33 years of his career at Air Products and Chemicals outside of Philadelphia. He started there in a career development program right out of college and climbed his way to senior vice president and general manager.

"I looked at it as a once-in-a-lifetime opportunity," he says, "and so far I haven't been disappointed."



I'm pretty low-key.

I provide counsel and try not to micromanage. I personally hated being micromanaged when I was coming up.

I don't have all the answers, so I encourage the team to come up with the next great idea.

You hear about the exodus of talent from the area. It's overblown.

Cleveland lost its way for a while. But we can be globally competitive. It's going to take time.