

INSIDE



Sound business principles

Shafique Janmohamed of Zions Bank reviews some of the critical principles for running a successful business. These include the supply chain function — the sourcing of raw materials — to ensure consistency, quality and cost efficiency.

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MADE IN UTAH

UMA joins efforts to promote Utah-made products

As America has evolved into a society that is driven more and more by technology, many do not look to manufacturing as being a cutting-edge industry. The truth is, in fact, manufacturing is what launched people into the depths of space, made television a possibility, revolutionized the peace-keeping ability of warfare and propelled machines to incredible speeds on the



TODD BINGHAM

local salt flats.

The men and women who make these manufacturing feats possible are local, hard-working middle-class Americans who live in our communities. Most people in Utah don't know that Lifetime, Blendtec, Pepsi, Boeing and ATK's solid rocket boosters are made right here in our own backyard. These large names throughout the state are known by their logo, but they should be known by their people. If they were, people would better relate to industry and help the supply of manpower that will ensure our continued skilled workforce necessary to keep Utah as an industry leader.

With the state's diverse industry, the Utah Manufacturers Association (UMA) has been around for nearly 110 years, promoting locally made products. From ATK's solid rocket boosters that recently launched NASA's Orion into the atmosphere, to Coca-Cola crafting delectable and refreshing beverages, the state makes products that transform not only Utah, but also the nation.

As part of UMA's mission, we work to better promote locally made products. To that end, we have launched our "Made In Utah" initiative. The initiative's objective is to promote the purchasing of locally made products, educate the community about the economic impact manufacturing has in the state and bring a more personal connection to the industry.

In recent years, there has been a large push throughout the nation to support local economies and small businesses by promoting the purchase of locally manufactured products. One such effort in our state is "Utah's Own," an initiative by the Utah Department of Agriculture to distinguish local food products from those made elsewhere. In regards to manufacturing, the UMA noticed there was no mechanism in place to inform the purchaser or general public of those products that are actually made in Utah. By displaying a "Made In Utah" logo in a business storefront and partnering with big-box stores to display this logo in their aisles for locally manufactured products, we believe



Some of the industry sectors represented by Utah manufacturers:

- Food Manufacturing
- Natural Products
- Wood Products
- Energy Products Manufacturing
- Chemical Manufacturing
- Plastics and Rubber Products
- Composites
- Plastic Injection Molding
- Primary Metal Products
- Non-metallic Mineral Product Manufacturing
- Fabricated Metal Products Manufacturing
- Aerospace Industry
- Defense Industry
- Machinery Manufacturing
- Computer and Electronic Product Manufacturing
- Transportation Equipment Manufacturing
- Medical Device Manufacturing
- Sports and Outdoor Equipment Manufacturing
- Pharmaceuticals Manufacturing
- Nutraceuticals Manufacturing
- Foundries

see MADE IN UTAH pg. F2



MADE IN UTAH

from page F1

this will bring the necessary attention needed to impress upon the purchasers to pick the locally produced products.

Part of the effort to bring the needed attention to products and companies in Utah, the UMA has chosen to celebrate and promote "Made In Utah" week. This year's celebration is scheduled for the week of Sept. 9 and will be held at the Little America Hotel in Salt Lake City. "Taste of Utah," a promotion of Utah food products, will take place during the Utah State Fair on Sept. 10-11. Part of the promotion will be prize drawing for many Utah products.

The "Made in Utah" week will begin with the annual Manufacturing Summit that highlights the best practices of Utah companies.

Manufacturing in Utah

Manufacturing is a key component of a modern society, enabling people to produce the goods and products they need to eat, live, entertain and protect themselves.

Manufacturing is the key to our quality of life.

The business of making things with utility and adding value to raw materials is the essence of manufacturing. In fact, if you look around you, nearly everything is manufactured. The general public doesn't completely understand the importance of manufacturing.

Manufacturing is one of Utah's basic industries and one that creates tremendous value in the economy. It is a creator of new wealth. The three industries that create new wealth are agriculture, mining and manufacturing. All other industries create added value from an existing product and/ or provide services.

Utah's manufacturing industry is very diverse, covering nearly every imaginable area from aerospace and medical, microchip production, defense, composites and food to basic metal manufacturing. This is certainly not an exhaustive list; however, it gives us an idea of the broad nature of this critical industry.

Among the things that manufacturing does for our communities are:

- Grows the economy.
- Invents the future. Manufacturers are responsible for more than 70 percent of all private sector research and development, which ultimately benefits other manufacturing and non-manufacturing activities.
- Competes internationally. The United States is the world's largest exporter; 61 percent of all U.S. exports are manufactured goods, double the level of 10 years ago.
- Pays the taxes. Manufacturing has been an important contributor to economic growth and tax receipts at all levels of government, contributing one-third of all corporate taxes collected by state and local governments.
- Yet, U.S. manufacturers are challenged as never before. They are on the front lines of the most intense global competition in history where it is virtually impossible to raise prices.

- Plays a significant role in our economy, accounting for 11.7 percent of United States gross domestic product. At the state level, manufacturers make equally significant contributions — 13.3 percent of the gross state product (GSP) in Utah. Manufacturers employ nearly 10 percent of the workforce. Total GSP from manufacturing is in excess of \$20 billion annually. In addition, the industry employs approximately 115,000 workers and creates an additional 300,000 related jobs in the state. The industry boasts an average monthly wage of \$3,962 — 28 percent higher than the average state wage.

- Comprises the largest payroll in the state. The largest concentration of manufacturers, in descending order, operate in Salt Lake, Utah, Weber, Davis, Cache and Box Elder counties. In fact, Box Elder County boasts 41 percent of its employment is in manufacturing.

- While the top 100 companies produce nearly half of the manufacturing output in Utah, the majority of manufacturers are small or medium-sized firms.

- Typically, larger economic multipliers are associated with manufacturing than most other industries because of the variety of allied businesses providing raw materials, services and other manufactured inputs to the manufacturing process. In fact, for every \$1 in manufactured goods there is generated an additional \$1.37 worth of additional economic activity — more than any other economic sector.

The Utah Manufacturing Association likes to promote its members with the slogan "What Utah makes, makes Utah."

Todd R. Bingham is the president and CEO of the Utah Manufacturers Association. Previously, he was the president and CEO of the Utah Mining Association.





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'Concept to Company' awards Ogden area outdoor startups

American consumers spend more on outdoor recreation activities than gasoline and utilities combined. To be exact, they spend \$646 billion, which equals the GDP of all of Switzerland. In Utah, outdoor recreation contributes \$4.5 billion annually to the local economy and continues to grow.

With abundant recreation areas nearby — and the state government climbing on board by creating the first-ever Office of Outdoor Recreation in 2012 — it's no wonder that Utah entrepreneurs are also jumping into this growing industry.

"Utah is an incredible place to start an outdoor recreation business," said T. Craig Bott, president and CEO of Grow Utah, a nonprofit dedicated to accelerating economic development through entrepreneurship. "Where else can you build an outdoor product, test it right out your back door, find local investors, manufacturing providers, talented workforce, shipping infrastructure and everything else needed



InFuze Flavoring Systems, a maker of gadgets that attached to hydration packs and add flavor or electrolytes to water, won the "Concept to Company" contest for Ogden outdoor products manufacturers.

to succeed? That is happening here and it makes Utah very unique to this industry."

Utah is churning out more and more outdoor rec innovations each year and supporters want to see it continue to grow. Case in point: Grow Utah's seventh annual "Concept to Company" Outdoor Recreation Contest held recently in Ogden, a rising outdoor recreation town. The contest called for outdoor rec startups across the state to apply and then awarded three of them \$30,000 in cash and services to help get their products off the ground.

Organized by Grow Utah and co-sponsored by Zion's Bank, the contest was open to all new product or service innovations in the outdoor activities of hiking, camping, biking, paddlesports, snowsports and more. Innovations were judged by industry

see **OGDEN OUTDOOR** pg. F10

Sound manufacturing principles drive your company's future

"Pay no attention to the man behind the curtain," advised the bumbling man using smoke and machines to create the fictional Wizard of Oz. But manufacturing companies working with banks don't have the luxury of obscuring their processes and systems. In fact, as banks evaluate their clients' potential for growth, they often peek behind the "curtain" to see if sound manufacturing and supply chain management principles are helping drive long-term success.

Critical to long-term success is a company's efficiency in operations. This includes the supply chain function — or the sourcing of raw materials to ensure consistency, quality and cost efficiency. It requires adherence to sound manufacturing practices to ensure the product is produced cost effectively to specifications with appropriate quality tolerances to meet the demands of an increasingly competitively market. The bottom line is to make it right the first time and on time. Finally, effective distribution of manufactured goods — the logistics function — is critical to meet delivery goals that keep clients happy. Companies with an edge know how to integrate all of these functions for optimal quality. Exceeding their customers' expectations helps them build a sustainable and growing enterprise.



SHAFIQUE JANMOHAMED

Coordination Along the Supply Chain

Collaboration within an organization is the best way to engineer an end-to-end supply chain process. Rather than treating procurement as an isolated department down the hall from the plant floor, it wise to coordinate supply chain activities with sales, estimating and operations. Companies can build a team approach to key activities, including accurate quoting, to ensure profitability, intelligent sourcing and contract management to control costs, tight production planning to keep inventory down and ongoing cost reduction initiatives.

This collaborative structure offers high visibility of costs and profits as well as visibility of new suppliers that may be needed for a new program.

When companies structure supply chain management jobs to oversee both procurement and manufacturing planning, they gain a perspective on all sides of a supply situation. This fosters new cost-cutting initiatives while it simultaneously provides the means to time and orchestrate their activity, helping to control inventory and, more importantly, deliver to customers on time.

As a strategic part of new sales, team members involved in the supply chain can help create bids that

make business sense. They can also structure large purchases with the right timing to manage inventory, ensuring reliable product flow and, in the long run, customer satisfaction. The bottom line is, when you coordinate the supply chain with sales and production, your company can make economic order quantity (EOQ) purchases purposefully without taking inordinate inventory risk. Plus, knowing ahead of time what customers your company is going to partner with will give you a head start on sourcing suppliers, allowing you to deliver value and quality for upcoming projects.

As you source materials, the key is to make sure you have qualified suppliers that provide on-time, quality materials at a good price. Visit with suppliers regularly to ensure that your needs are understood and that they share your vision. Their incentive, in turn, will be the chance that your company will order more materials from them. Many successful companies also create a supplier qualification process that builds relationships so that corrective action plans are viewed as opportunities for both to work together to achieve common goals.

Best Practices for the Long Haul

When it comes to evaluating manufacturing operations, consider the quality of your manufactured assets. Certain industries demand different tolerances for error rates. Determine

what the world-class standard for your industry is and strive to achieve it. The best way to attain quality is through formalized efficiency principles and processes, including Six Sigma, lean manufacturing and 5S.

Six Sigma was developed by Motorola in 1986, and continues to fuel the success of many big companies across a variety of sectors. Six Sigma uses statistical modeling and verifiable data to eliminate defects in the manufacturing process, focusing on cost savings, reducing waste and increasing efficiency. Done well, this translates to customer satisfaction and retention. Six Sigma also encourages higher employee productivity that results in greater profitability measured by gross margins achieved. If your company's gross margins are less than those of your competitors, it may be a symptom of inefficiency. While you could compete on price in the short term, you want long-term growth for your company so that you can continually reinvest and secure your competitive advantage. Six Sigma can help manufacturing executives achieve this in a formalized way but it requires leadership in championing its adoption consistently across an organization.

Another way your company can strive for a competitive advantage is by successfully employing lean manufac-

see **SUPPLY CHAIN** pg. F6

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It's a crazy world we live in. It seems you have a bankable business or you don't. Most business people ask themselves at some point if their business is even bankable. If not, you may be relegated to alternate funding sources which are often more expensive — although, these funding sources do have their place.

If your business does qualify for traditional banking services, then chances are you're getting hit on like the ice cream man on a hot summer day. When it comes to liquidity needs for working capital, equipment purchases, real estate mortgages, or even the often overlooked treasury management, having a bank as a partner is critical, whether you like it or not.

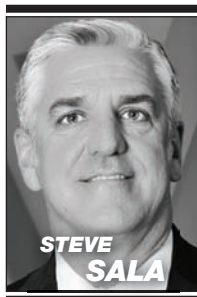
Bankers are an amazing bunch who seem to be insufferable victims of herd mentality. They can't stop themselves from running to the next greatest thing once the path is well paved by other slightly more adventurous bankers. The next thing you know there are a pile of bankers at your door, term sheets in hand. Unfortunately, rather than bringing you a value proposition like a good consultative partner should, they deliver a term sheet with an incredibly low interest rate. Wow, how clever! Don't get me wrong, lowering your borrowing cost is very important, but nowadays, that's the extent of their value proposition.

Bankers seem destined to repeat the mistakes (and their mistakes) of their past. This is well-chronicled throughout the ages — most recently during the Great Recession, where virtually every bank's viability was tested with the weight of real estate assets. Some failed. Those that survived now look at life differently, at least for the moment.

For the past several years, corporate earnings have increased as the economy has improved, albeit begrudgingly. And since the sting of aggressive real estate lending prior to the Great Recession is still fresh, banks have moved more to commercial and industrial (C&I) lending to build their balance sheets. This means that bankers want assets that are out of the scope of regulators scrutiny (i.e., non-real estate).

C&I loans are based on the cash flow and collateral base of the borrowers, which typically means lending against accounts receivable and inventory. This

type of collateral is fluid, changing daily. Not properly monitored, C&I lending is highly susceptible to fraud and out-of-collateral positions. In good times, banks like C&I lending



STEVE SALA

and there are many that are quite good at it. In troubled economic times, some banks simply don't have the ability to continue with the product and reduce funds availability or even ask customers to find another bank. Now, bankers' latest and greatest idea is to

chase prospective customers with improving balance sheets and profit and loss statements with low interest

rate lines of credit. Frequently we see rates offered as low as 2 percent for working capital lines and even less for three-to-five-year amortizing term loans. Many are probably thinking, "What's wrong with that?"

Let's start with the fine print. While low interest rates are good for the borrower, other questions should be asked such as:

First, what fees will be charged? Depending upon the structure of the loan, many types of fees can be charged, some of which might not be readily understood or identified. Fees can be added should the bank decide additional monitoring of the collateral is needed, for higher

unused portions of the line of credit, for audit requirements, etc.

Secondly, how long and under what conditions will the low rate be in place? Knowing what can affect the interest rate is very important. Rates can change quickly depending upon the credit condition of the borrower, utilization of the line of credit, changing customer base of the borrower, changing collateral conditions or other perceived increases in risk to the bank.

While we see the low rates, we also see limits to how much the line can be used before the rate moves

see GOLD pg. F11



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Top Manufacturing Counties in Utah

Ranked by Number of Manufacturing Establishments

Rank	County Name	# of Manufacturing Establishments Total County Population	Total Non-Farm Workforce Manufacturing Workforce	Average Monthly Wage Manufacturing Average Monthly Wage	Top Manufacturing Establishments in County
1	Salt Lake	1,776	656,221	\$3,971	O.C. Tanner L-3 Communications Merit Medical Systems
		1.09 million	52,341	\$4,815	
2	Utah	608	217,254	\$3,162	Nestle Prepared Foods Co. IM Flash Technologies LLC US Synthetic Corp.
		560,974	17,961	\$4,169	
3	Davis	298	116,226	\$3,346	Lifetime Products Inc. Ralcorp Frozen Bakery Products Inc. Utility Trailer Manufacturing Co. Alliant ATK Space Systems Inc.
		324,692	11,526	\$4,483	
4	Weber	268	99,069	\$3,127	Autoliv Fresenius USA Manufacturing Inc. Kimberly-Clark Worldwide Inc.
		240,475	13,137	\$4,352	
5	Cache	226	55,931	\$2,635	E A Miller Icon Schreiber Foods Inc.
		118,343	11,214	\$3,504	
6	Washington	192	55,807	\$2,614	Deseret Laboratories Inc. Sunroc Corp. Express Group Holdings LLC Ram Manufacturing Co. Inc. Wilson Electronics Inc.
		151,945	2,898	\$3,044	
7	Box Elder	87	17,477	\$2,917	West Liberty Foods LLC Autoliv Thiokol Corp.-Propulsion Nucor Steel-Utah Div. of Nucor Corp. Vulcraft
		51,518	4,989	\$4,142	
8	Iron	77	16,524	\$2,467	The Smead Manufacturing Co. Ampac Corp. Genpak LLC Metalcraft Technologies Inc.
		47,269	1,350	\$3,599	
9	Summit	55	27,178	\$3,201	Triumph Gear Systems Inc. Skullcandy Inc.
		39,486	843	\$4,953	
10	Tooele	42	14,870	\$3,587	US Magnesium LLC Detroit Diesel Remanufacturing LLC Morton Salt Inc. ATI Titanium LLC
		61,598	1,661	\$4,530	
	Statewide	3,890	1.36 million	\$3,515	N/A
		2.94 million	121,673	\$4,394	



N/A=Not Applicable
Population data: United States Census Bureau, 2014 Estimate
All other data: Utah DWS, Q4, 2014
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SUPPLY CHAIN

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turing principles. Lean manufacturing involves the processes, workflow and automation of all elements that help companies produce goods using the least amount of resources possible. It takes a laser-sharp approach to aligning a company towards activities that generate the most value for the customer and eliminating waste that hinders this goal.

When you identify a problem, overt error or inefficiency in a manufacturing process, it is critical to not just address the symptoms but to

resolve the root cause permanently. This results in a culture of continuous improvement. Putting in place a formal process for root cause identification, problem resolution actions, implementation and sustaining activities is crucial.

World-class manufacturing companies have also embraced the 5S system, or the five pillars of the visual workplace. This involves organizing the physical workplace so that every tool and function has its designated space and work is standardized. Sometimes work areas are sorted into zones, and can even be color-coded. The best part about 5S is that it actually becomes

part of a company's culture as it reduces defects, waste, delays, injuries and breakdowns.

Even if smaller companies are not able to formally adopt these principles, understanding these systems and implementing key elements in areas such as production floor layout, manufacturing workflow management, and automation of repetitive functions can be very beneficial.

When bankers evaluate businesses, they want to know manufacturers are using these important principles, because doing so drives efficiency, and, as a result, improved operating margins. Bankers can work with a com-

pany to offer recommendations for a variety of financing options for capital projects, working capital financing to support business growth and for strategic business objectives such as business expansion, new product introductions or even acquisitions. Additionally, cash management solutions and services enhance a company's liquidity and allow business leaders time to be more devoted to their products and services.

Shafique Janmohamed is senior vice president and director of structured finance and Head Office commercial banking at Zions Bank. Beyond his nearly 30 years of experience in banking, he also served as vice president of supply chain management for Chicago-based United Plastics Group Inc.



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Top Industrial Equipment Dealers in Utah

Ranked by Number of Utah Employees

Rank	Firm Name Address	Phone Web	Number of Utah Employees Year Founded	Equipment, Rentals, Sales and Services	Type of Equipment Offered	Area Served	Owner/ Managing Principal
1	Wheeler Machinery Co. 4901 W. 2100 S. SLC, UT 84120	801-974-0511 wheelercat.com	615 1951	Sales, rental, parts, service, technology and training solutions	Caterpillar machines & generators, water & dump trucks, trench shields, work tools, light towers, trailers, etc.	Utah, Nevada, Wyoming	Rob Campbell
2	Industrial Supply Co. Inc. 1635 S. 300 W. SLC, UT 84115	801-484-8644 indsupply.com	140 1916	DND	Hand & power tools, lifting & rigging equipment, safety & PPE supplies, janitorial & breakroom products, chemicals & paint	Utah, Idaho, Colorado, Wyoming, Nevada	Family-owned & operated: Thompson, Evans and Thornton
3	Century Equipment Co. Inc. 4343 Century Drive SLC, UT 84123	801-262-5761 centuryeq.com	50 1969	Sales, rental, parts & service	Air compressors, generators, lasers, GPS / surveying equipment	Utah, Wyoming, Colorado, New Mexico	Ryan May
4	Compressor-Pump & Service Inc. 3333 W. 2400 S. SLC, UT 84119	801-973-0154 compressor-pump. com	37 1984	Sales, service & rentals	Compressors, blowers, pumps	Utah, Nevada, Idaho, Wyoming	Eric Nelson President
5	Nickerson Co. Inc. 2301 W. Indiana Ave. SLC, UT 84104	801-973-8888 nicopumps.com	28 1924	Pumping equipment sales, service, repair & installation	All types of centrifugal pumps and related equipment. Serving municipal, mining, HVAC, commercial, etc.	Intermountain West; Utah, Idaho, Wyoming & Nevada	Richard Nickerson
6	Western States Equipment Co. 2233 N. Warm Springs Road SLC, UT 84116	801-596-2300 mywse.com	26 1997	Machine rental sales & services, crane inspection	Full service rental yard, forklifts to air tools, air compressors, welders and light plants	Utah, Wyoming, Idaho & Nevada	David Costanzo
7	Applied Industrial Technologies 1971 S. 4490 W. Ste. C SLC, UT 84104	801-972-1100 applied.com	25 1923	Distribution for power transmission, rubber products and fabrication, fluid power, janitorial	Power transmission motors and bearings; v-belts, conveyor belting, fluid power pumps	Idaho, Wyoming, Utah	Justin Van Horn Local General Manager Carolyn Stromness Local Service Center Mgr.
8	Cate Industrial 2055 S. Pioneer Road SLC, UT 84104	801-974-0555 cateindustrial.com	19 1938	Equipment & parts sales, rentals and Service	Master Distributor for Ingersoll Rand compressed air systems; compressors, dryers, filters, vacuum pumps, power tools, etc.	Utah, Idaho, Nevada, western corridor of Wyoming	NA
9	Advanced Machinery Systems Inc. 657 N. Kays Drive Kaysville, UT 84037	801-498-7891 advanced- machinery.com	11 1989	Sales & service	Woodworking, plastic & composite machinery	Utah, Idaho, Wyoming, Montana, western slope of Colorado	Malan Johnson
10	Power Service of Utah 3284 W. 2100 S. Ste. B SLC, UT 84119	801-433-3331 powerserviceinc. com	9 1997	Equipment sales & service	Pumps, air compressors, filtrations; fabricated skids and buildings for "plug & play" with equipment	Utah & Northern Nevada	Tony Cercy
11	Rogers Machinery Co. Inc. 9538 S. 670 W. Ste. B Sandy, UT 84070	801-567-9000 rogers-machinery. com	5 1949	Air compressors (oil lubricated & oil-free), air filtration, air dryers, blowers, vacuum pumps and vacuum systems, etc.	Quincy, Quincy Northwest, Rogers MG series Kobelco, Powerex & Hycomp booster compressors, Hankison, Deltech, pneumatic products, and ZEKS air dryers & filters; Roots blowers, etc.	Utah, Northern Nevada, Southwest Wyoming	Mike Schmeltzer
12	AAIRCO 935 Colamar Ave. SLC, UT 84104	801-972-3186 aaircocompressors. com	1 1979	Air compressor repair & sales	Air compressors	Utah, Idaho, Wyoming	Ron Binstock

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OGDEN OUTDOOR

from page F3

experts from local recreation companies like Black Diamond, Cotopaxi, Backcountry.com and others. Three winners were awarded a share of \$30,000 in cash and services to help get their ideas to market. Over 60 applicants applied and of that, 10 finalists were invited to pitch at the final judging event in Ogden. “The quality of the application pool this year was much higher and all 60 were very strong candidates. We are seeing a maturity among the startup community that is very exciting. Applicants are coming to the contest having fully tested their ideas in the marketplace and having gained consumer traction — all before even launching. It was really tough to nar-

row the field down to just 10 finalists and it speaks to the high caliber of the startup community here in Utah,” said Bott.

The finalists and winners of the contest were:

- InFuze Flavoring System by InFuze (grand prize winner). InFuze is an inline flavoring system that attaches to any hydration pack. It allows users to go from plain water to flavor and electrolyte options in seconds. www.infuzehydration.com.

- Fogo, by Fogo Digital (runner-up winner). Fogo is the ultimate adventure gadget with a built-in flashlight, GPS, Bluetooth, backup battery, digital walkie-talkie and app-friendly interface. <http://fogo.io>.

- Original ArmPack, by RunBand (runner-up winner). The Armpack is an innovative hybrid of the fanny pack and armband. With five unique

pockets, its sleek design is the next generation of personal storage while running, cycling and more. www.RUNBAND.us.

- The Prival Daily Kit, by Prival Concepts (crowd favorite winner). The Daily Kit is a lightweight, compact avalanche safety kit. www.pri-valusa.com

- 3D Terrain Maps, by CreoTree - CreoTree has developed a new style of consumer and corporate 3-D terrain maps using 3-D printers. Crafted in Utah, these maps will assist outdoor recreators to plan and understand the geography they enjoy.

- Avalanche Safety System, by Outdoor Safety Solutions. The Avalanche Safety System is a unique helmet and backpack design that protects the winter recreationalist from suffocation due to burial in an avalanche.

- Plan Go Share, by PGS. Plan Go Share is turn-by-turn trail navigation app for the iPhone and the Apple Watch.

- Sol Guide Certification. Sol Guide Certification is a specialty certification that teaches fitness professionals and recreation-minded individuals how to lead outdoor fitness experiences using a method that integrates traditional fitness modalities, mindfulness disciplines and outdoor guide skills. www.melaniewebbsolguide.com.

- Onblay.com. Onblay is the AirBnB of outdoor adventure tourism. Onblay is an online marketplace that connects people looking to share their skills or equipment with people who are looking for adventure. www.onblay.com.

- SpekPack. SpekPack is a unique rolling cart that bundles everything a family needs for a day at the park or mountain picnic. It bundles chairs, shade, cooler, etc., into a stress-free, one-person pack. www.spekpack.com.

“When our name came up on that screen as the grand prize winner, I was shocked and couldn’t believe it,” said Danny Noal, president of InFuze. “I can’t express how grateful I am to win this contest. This money will go a long way toward helping us enter the production phase of our business and start selling product.”

Community supporters of entrepreneurship stepped up to offer the cash and services for this year’s contest. The cash prizes were funded by Grow Utah, SEED Weber-Davis-Morgan, and NorthFront Business Resource Center. The service/gear prizes were offered by Espiritu Design, Cotopaxi, Durham Jones & Pinegar Law and Adventure Gear Fest. Underwriters of the yearly contests included Zion’s Bank, Mountain West Small Business Finance, USTAR and Durham Jones.

“The winners of this contest were surrounded with money and fantastic services to help get their idea off the ground,” said Tara McKee, Office of Outdoor Recreation coordinator. “Entrepreneurs often need that extra little push to get them started and this contest provided just that. We’re excited to see them take off here in Utah.”

Utah’s outdoor recreation industry shows no signs of slowing down. With a \$4.5 billion economic impact at stake, it has become a force to be reckoned with in the Beehive State. With talented entrepreneurs and abundant testing grounds (and slopes), the future looks bright for Utah’s outdoor rec startups.



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GOLD
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higher. For example, let's say you have a \$1 million line of credit. You will only be able to use \$700,000 of that line at the "teaser" rate. Should your company find itself with the need to utilize more of the line, expect to find your rate for the entire line move higher — by as much as 0.5 to 1.50 percent or more.

This approach is many times referred to as risk-based pricing. Risk-based pricing is a concept that is intended to have the interest rate reflect the risk inherent in the bank relationship. If a loan has more risk, then the lender needs and expects to be better compensated to reflect the risk in the loan.

Such risk-based pricing approaches also mean that as the prospects of a business change and are challenged, so too will be the rate the business is charged. For example, there are likely material adverse change (MAC) clauses in your new loan agreement that states if your company does not perform at certain levels the bank has the right in its sole discretion to increase your rate and likely charge you fees. Think about it. Why would a bank, even with next to a zero cost of funds, agree to make a loan at such low margins? They still have overhead and bills to pay. Look at the recent earnings reports at some of the largest banks. They have decreasing revenues and margins and any improved profitability they have is coming from decreased legal costs. And in true banker herd mentality many small community banks are following the lead in the race to the bottom.

What could be their motivation? That answer is simple. With a risk-based pricing approach, their plans are to use any changes in performance as a reason to raise your rates back up at the first signs of difficulty. While things are good, life is dandy. But if your business fortunes change or even the economy at-large turns for the worst, so will your cost of borrowing. Here's the best part: Frequently the banks, especially community banks, will ask you to leave and find a new bank at the worst possible time, when your financials are less desirable and your prospects of finding a new bank while you're under stress only become fewer. Is this something your company can endure?

Being steady and patient are good traits for people in general — including your bank. However, not all banks are steady and patient. Low rates often times find impatient

banks. If a bank has recently added C&I lending to its product line-up, especially asset-based lending (ABL), where close monitoring of accounts receivable and inventory is required, determine if this is something the bank is just recently doing to grow their bank or if it is something the bank has done steadily for many years. It takes an experienced bank and experienced lending staff to properly provide ABL-type products. In challenging economic times, stressed banks return to their roots, which will likely mean them getting out of the product they originally sold you.

The measure of a good deal depends on what you value most. As you contemplate changing your bank over rate, will you be leaving a bank who worked with you through the last

downturn? Think about this: Did your existing bank work with you through the worst economic downturn since the Great Depression? If so, what value do you place on that? If your incumbent worked with you through those trials, don't you think they are likely to work with you in the future? If your bank worked with you and your management team through the Great Recession, you have created a valuable reputation for which your new bank has no appreciation. How do you put a price on that?

Many bankers today do not possess the ability to add value to your business like a partner should. The value proposition of a banking partner is very important to small businesses looking to thrive. Not all companies have the same financing needs,

with some having simple financing solutions while others more complex. Finding the right banking match is like finding the right spouse.

As a member of the banking fraternity, I try not to take offense to criticism of the industry because we take a different approach. What's interesting in the trends of the day is there is little to no consideration given to fairly significant issues. The most concerning are the short memories of both bankers and borrowers. The glitter of that low rate will fade.

Steve Sala is the president and CEO of TAB Bank in Ogden, where he oversees all strategic, financial and operational functions of the bank. He also founded a consulting firm where he manages the problem assets and commercial lending groups of multiple institutions.



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