

FIFTY-FORTY-TEN NEWS

A Newsletter of the Greater Syracuse Business Development Corporation

FINANCING GROWING BUSINESSES SINCE 1964

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Giovanni CEO Chosen as NYS Small Business Person of the Year

On May 6, 2013 the U.S. Small Business Administration selected Louis J. DeMent, CEO and vice president of Giovanni Food Company (GFC) based in Syracuse, N.Y., as the New York State winner of the 2013 SBA Small Business Person of the Year. Nominated by the Greater Syracuse Business Development Corporation (GSBDC), DeMent was chosen for the award based on GFC's growth in sales and number of employees, staying power, response to adversity as well as its contributions to the community.

Giovanni Food Company has been making pasta sauces since 1934, when the DeMent family first opened their Italian-style restaurant in Oswego, NY. The DeMents began producing sauces on a larger scale in the 1950s before eventually expanding into other tomato-based product lines. Second-generation owner Jack DeMent led the transition to a larger facility in Liverpool in 2006 with financing assistance from GSBDC, Central New York Enterprise Development Corporation and NBT Bank. Within a year, Jack passed away unexpectedly and his 34-year-old son Louis stepped forward to lead the family business.

By 2009, GFC was bursting at the seams again, even producing some product batches at another Syracuse tomato product manufacturer. When that facility became available for sale later in the year, Lou seized the opportunity to gain the additional space the company needed. Through the collaboration of GSBDC and NBT Bank, financing was provided by accessing the SBA 504 and 7(a) loan programs to purchase the manufacturing plant and its equipment, increasing capacity from one to three modern production lines.

Today, GFC products can be found on grocery and specialty store shelves across the U.S. The company also produces salsas and pasta, pizza, and barbeque sauces for many private label customers who distribute the products worldwide. Under Lou DeMent's leadership, sales have increased 49% over the past three years and the number of employees has grown to 68.

CEO Lou DeMent received the Syracuse District and New York State awards at SBA's annual awards luncheon on May 6 at The Doubletree Hotel in Syracuse. DeMent also competed for the national award at SBA's National Small Business Week celebration on June 21 at the Renaissance Hotel in Washington, D.C. Although Lou was not chosen for this distinction, GSBDC wishes to congratulate Lou on his accomplishments, and is proud to have the opportunity to work with him and his very talented team at GFC.



GSBDC Assists with Construction of New Facility

In June of 2012, Thomas Rogers, President of BACO Controls, Inc. (BACO) purchased a vacant six acre parcel of land located on Loop Road in Radisson Industrial Park as the site for their new facility. They subsequently constructed a 12,500 sq. ft. facility to accommodate the needs of their growing company. Approximately 2,800 sq. ft. is for the offices with 9,700 sq. ft. of warehouse space. The office area includes a reception area, large conference room for customer meetings and a full kitchen to accommodate the needs of both staff and guests. They have also installed customized shelving in the warehouse section to allow for more orderly product storage and easier order fulfillment.

Previously BACO had operated out of two separate locations in Cazenovia with the sales engineers and office manager housed in office space in the village while their products and warehouse personnel were located in a warehouse two miles away. The new facility is easier to manage and more efficient to operate with all their products and staff in one location. Tom Rogers comments, "It's so nice having the



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Interest Rates

Loans funded as of August 14, 2013 would have carried the following rate:

SBA 504
5.24% (20 yrs.)

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two locations finally combined into one. We've seen vast improvements in our order processing and communications, but most importantly having all of my employees in one location has dramatically improved the team environment of the company."

BACO markets and sells components for industrial automation and has established itself in the U.S. market by providing a combination of quality products and outstanding service. Thomas Rogers began working at BACO in 1994 as a sales engineer and purchased the company in 2004. While BACO began primarily as the master distributor and US importer for the products of Baco Constructions Electriques S.E. (BCE), they also are a master distributor for Rex, a global leader in the manufacture of time switches with sales in over 60 countries worldwide. The various switches sold by BACO have many industrial applications, including food processing, airport conveyor systems, elevators and any other process that requires emergency stop buttons. BACO sells to distributors that supply these industries or directly to the large manufacturer that may need to maintain an ongoing supply of their products.

The project financing was structured using the SBA 504 program keeping their down payment requirement to 10%. M & T Bank provided 50% in a first mortgage position with the Greater Syracuse Business Development Corporation (GSBDC) providing a 20 year fixed-rate second mortgage for 40% of the project cost through the SBA 504 program. According to Tadd Helmer, Vice-President of Commercial Banking, "Tom operates a very nice small business. We are delighted to have been able to assist him in acquiring and building a new state of the art distribution center which will help him grow and increase his employment. The SBA 504 loan program helped to conserve capital which will be needed as his business grows."

They currently have seven employees and anticipate hiring seven additional staff over the next two to three years. The new positions would include a staff accountant, a receptionist, a full-time marketer and additional warehouse staff.

GSBDC Finances Purchase of New Facility for Downtown Decorations

The Greater Syracuse Business Development Corporation (GSBDC) recently provided an SBA 504 loan for \$200,000 to Downtown Decorations, Inc. (DDI) for the purchase of a 21,000 sq. ft. building at 6724 Joy Road in East Syracuse, NY. This new facility more than doubles their former leased space of 10,000 sq. ft. at 6604 Deere Road in Syracuse, NY, with 15,000 sq. ft. dedicated for warehouse space and 6,000 sq. ft. for offices. Due to the significant increase in their business, they had run out of space in both the office and warehouse areas at the previous location, thus limiting their capabilities for expansion into new areas of business. With their new location, they can fully implement their plan for continued development, inclusive of adding staff, expanding inventory and initiating larger production and staging areas.

DDI was formed in 2003 by Ted Peterson and Garrett Peterson, father and son, respectively. They provide custom commercial and municipal décor to clients, including cities, shopping centers and developers throughout the United States and around the world. Décor options include interior and exterior custom/seasonal banners which can be either digitally or screen printed, as well as holiday decorations including pole decorations, foliage lighting, architectural lighting, energy saving LED bulbs, custom lighted displays and interior/exterior giant trees. The larger facility – with its additional warehouse space – will allow them to expand their production, storage and staging capacities.

DDI's in-house team works collaboratively with clients to create unique and custom designs, overseeing the entire decoration process from concept to installation. Their designers work closely with clients to customize a project, from the idea stage to installation within budget and on time. Design and layout quality, and exceptional service are at the forefront of DDI's business model, and it is in this way that they have been and continue to be successful in differentiating themselves from the competition.

The SBA 504 program provided a 20 year fixed rate second mortgage with M & T Bank, providing financing in a first mortgage position. Tony Delvecchio, Vice President, Business Banking commented, "M & T Bank appreciates the assistance provided by the GSBDC to allow us to put a competitive financing package together for Downtown Decorations, Inc. They were able to purchase a much needed building, allowing a local company the opportunity to continue to grow and expand right here in Syracuse." Ted Peterson of DDI stated that "We are enormously grateful for the SBA 504 loan, as this has provided our company with a foundation for continued expansion. We are excited to be able to better serve our current clients, and to welcome new business, as we now have the capability to do so." DDI currently has 12 employees and plans to add five more over the next two to three years as a result of this expansion project. This would include two sales positions, one marketing person and two graphic designers.

