

LEADERSHIP PROFILE

Elisha Tropper, CEO Cambridge Security Seals

WITH HAROLD KING

MAXIMIZING GROWTH WITH INNOVATION AND TECHNOLOGY



HV Mfg sat down with Elisha Tropper, CEO of Cambridge Security Seals, one of the youngest, yet fastest growing manufacturing firms in the region. We talked about the challenges of starting a manufacturing business from scratch and leading through rapid growth, as well as the opportunities that advances in automation and technology present to manufacturers.

HV Mfg: Let's jump right in. How did you come to start and lead Cambridge Security Seals?

E.T.: The short answer is that I saw an opportunity to start CSS when the security seals product line at my former company suddenly became more expensive and difficult to procure due to a private equity fueled consolidation and offshoring of seals manufacturing in North America.

HV Mfg: What made you feel that you could succeed in starting and developing a company?

E.T.: My background and experience gave me a lot of confidence. I grew up against the backdrop of a family business started in New York City by my grandfather in the 1940s, and then significantly expanded by my father and uncle as the second generation made its impact. So I was always oriented towards entrepreneurship, even as I received a degree in English Literature at Yeshiva University. I spent several years after college working in our family business, gaining hands-on experience in all areas of the business - operations, sales, marketing, and product development – and getting up-close exposure to the management of a growing enterprise. One of my fondest memories of those years was driving my grandfather, in his late 80's, across New England, travelling the same sales routes and calling on the same customers as he had been doing for more than fifty years.

While I really liked the business, I knew I wanted to do my own thing. I enrolled at Columbia University, and after receiving an



CSS invests heavily in automation research and development, and recently secured two patents for innovative advances in manufacturing techniques.

MBA, joined the strategy group at Price Waterhouse's management consulting practice, where I was able to gain a great deal of valuable business experience working on engagements inside some of the world's largest companies.

My desire to try my hand at both manufacturing and turnarounds led me to North Carolina. With my family's backing, I took over Prestige Label Company, a very distressed old-line converter of pressure sensitive labels. After transforming Prestige into a high-definition printer of labels and sleeves, overcoming the post-9/11 economic slowdown, and significantly growing the



CSS Director of Manufacturing Kris Hedstrom and VP Operations Jessica Pitkowsky are at the forefront of the company's continuous improvement activities.

business, we sold the company to Atlantic Corporation, one of our customers. It made perfect sense for them. Ours was a complimentary product to what they sold, and they had the scale of a much more substantial sales and marketing team. We had three or four sales people, they had something like 80. It was pretty much turnkey for them, and the price was right, so we accepted their offer. To answer your question, I had experience running a technology-focused manufacturing businesses, and was confident in CSS's customer-centric business plan.

HV Mfg: Can you tell us more about running a technology-focused manufacturing business?

E.T.: Let's start with my work at Prestige. When we acquired the company, it was barely functioning, outsourcing half of its manufacturing, and struggling with antiquated equipment to produce quality products at competitive costs. Previous management had badly failed to keep up with changes in the industry, especially technology. Because they hadn't invested in any new technology for



Over the past two years, CSS has invested heavily in state-of-the-art manufacturing technology to improve quality and production efficiencies while significantly reducing waste and its carbon footprint.

so long, I was able to skip the “catch-up” phase and instead “leap frog” the competition by investing heavily in what was then the emerging disruption that was digital printing. We dove headfirst into this new world, partnering and championing HP Indigo technology, and became sort of a “poster child” of digital innovation within the industry. We became profitable quickly and grew rapidly. I was one of the original members of HP's International Digital Product Advisory Committee. This gave me a front-row seat to see how one of the world's largest and best technology companies focused so closely on understanding and meeting its customers' needs.

HV Mfg: So is that when you started Cambridge Security Seals?

E.T.: Not quite. After the sale of Prestige, I started T3 Associates, a small management consulting firm focused on business development and merger and acquisition advisory services. There were many companies that wanted me to help them achieve what I had achieved at Prestige – the turnaround, the technology, the profitable exit. I was able to grow the firm by utilizing my experience and hiring a strong team of consultants. Business was pretty good for a few years, but then Lehman Brothers imploded, and you know the rest. By 2008,

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CSS's unique, award-winning packaging was developed specifically to reduce its customers' shipping and inventory costs by consolidating seals within each carton as compactly as possible.

everything had dried up... I mean everything. There was absolutely no M&A activity at all, no credit to fund M&A activity, and companies went into survival mode. Even though I had contracts with clients, we simply tore them up. How could I demand that they honor them when I knew how much things had changed?

HV Mfg: Those were tough years for everyone. "Survival Mode" is a good description. Did you keep your consulting business?

E.T.: I did, but on a more focused scale. I kept a few clients – including, ironically, the family business, which needed to refocus an area of the company which had a heavy concentration around the home building industry, which had been decimated. After a couple of years, I left to start Cambridge Security Seals.

HV Mfg: Because that was the product that was becoming difficult to secure for your customers, right?

E.T.: Exactly. There is a large and growing market for security seals and tamper-evident products. They are used in some way in just about every major industry: airlines, freight, pharmaceuticals, gas and oil - you name it. In the first decade of the 2000's, a private equity firm bought up all of the major seals manufacturers in North America, including Stoffel Seals here in Rockland County. Stoffel had several hundred employees, but the roll-up resulted in the closing of quite a few plants and offices in America, including the operation here in Rockland as they consolidated operations, personnel, and began moving a lot of the manufacturing offshore to reduce costs. It was obvious that the by-products of the consolidation would be increased lead times, quality concerns, higher prices – and virtually no choices for customers. There was clearly an opportunity to produce seals domestically, to provide shorter lead times, higher quality products, and the kind of customer service that you would never get from a roll-

up consolidation by a financial entity focused on flipping the company. So I founded the company in 2010, and after purchasing our facility in Pomona in 2011, we embarked on a major renovation to get it up and running and "leap frog" the competition once again.

HV Mfg: How did you finance the project?

E.T.: Mostly self-financed, but we also received an SBA loan to purchase the building.

HV Mfg: Now you are almost 7 years into it. How are you measuring up against your business plan?

E.T.: While I'm never really satisfied, I think we are doing very well. We've been running 10 fully-automated production lines on a 24/7 schedule. Our 11th line, which we are in the process of installing, is the first of our Generation 3 production lines, and represents a major

leap forward technologically from even our highly efficient second-generation lines. We are certainly on pace with our initial growth projections. In fact, last year we outgrew our facility and needed to secure additional warehouse space down the road in Haverstraw. We are currently working on plans to expand this facility here in Pomona, as well as add several more of our Generation 3 production lines.

HV Mfg: What do you see as the biggest challenges facing the company in the next few years?

E.T.: Managing rapid growth is our biggest challenge. We need space. We need skilled and talented workers. We need to continue our technological R&D. And, we need strong day-to-day financial management, which we get in spades from Lorie Bilinski, who also oversees HR, another key area of challenge for us.

But most importantly, we need to stay true to our original mission of quality products, short lead times and outstanding customer service. The truth is, about a year ago we had a pretty serious hiccup. We took on more business than we could handle and we disappointed some of our customers. To try to keep up, we put off some essential equipment maintenance, which came back to bite us. We ignored the flat tire, so to speak, and as a result we broke an axle. It hurt, but we made the tough decision to stop accepting new business and refocus on effectively servicing our existing, loyal customers. We reached out to our key customers, explained what had happened, apologized, and then presented a detailed plan for how we intended to not only fix what was broken, but how we would come out the other side a vastly improved company capable of providing the industry—leading reliability which has defined us since inception. It took several months, but we followed through to a T and got back on track. We learned a valuable lesson and, I think, we've emerged as a considerably stronger company. Based on that

experience, I'm pretty conscious that our biggest challenge remains managing growth in a way that is sustainable for the long term.

HV Mfg: Let's talk about growth. What about the opportunities that you see out there?

E.T.: There just are so many markets and customers for our products and we've only scratched the surface. Brian Lyle, the president of our company, is extraordinary at developing new business opportunities, and working with our sales team and key customers to continually improve our offering of products and services. Another area is our global sales, which right now are a very small part of our business. But over the past couple of years, we've been developing our European business by empowering the fantastic professionals on the CSS Europe team, who really understand the various markets on that continent and know how to effectively service them. There are also plenty of industries here in North America that we have not really tapped yet, but now have the capacity and scale to pursue.

I also think we can continue to improve both our efficiency as well as customized features for our customers through the implementation of new technologies. Automation and information technology in particular are revolutionizing manufacturing processes. I think Cambridge Security Seals is on the cutting edge of implementing these technologies in our process and our products, led by Kris Hedstrom, our VP of Manufacturing. If we stay on that cutting edge – and Kris assures me his team is committed to doing that – growth opportunities will continue to present themselves to us.

HV Mfg: Are we right in assuming that the right people are key to staying on that technological “cutting edge” you want to stay on? If so what do you look for in your leadership team?

E.T.: Absolutely, people are the key – and not just for technology, but in every aspect of the business. Accountability and responsibility are key. I look for people who are self-starters and who accept and embrace the daily challenges that come their way. The people who succeed here are those who, when I give them a project, I know with certainty that it will be completed, with accuracy and quality – and on time. I look for people who have continuous improvement ingrained in them and are never satisfied with “good enough.” Sure, it's important in manufacturing and technology development – but it's just as important in every other area. Take our VP of Operations, Jessica Pitkowsky, who oversees a complex web of

interconnected parts, encompassing everything from supply chain logistics to the continual design, upgrades, and implementation of ERP. Everyone counts on her to keep it all running seamlessly – and time after time, she delivers.

HV Mfg: Are you having difficulty finding enough of the right people?

E.T.: We have worked hard to develop the team that is here now, especially in the manufacturing area, where Kris really focuses on recruiting and training. But, we are definitely looking for specific skills to help us grow. We especially need mechanical engineers and maintenance mechanics, the folks who can both keep the machines



A major factor in the success of CSS is its world-class team of experienced manufacturing and processing experts, including George Steinert, Tooling and Process Manager.

running and continuously improve the lines. It can be hard to recruit skilled personnel to a small company like ours. Young people, in particular, seem to be attracted to bigger firms. But, we can offer the right people greater visibility and responsibility, unique projects, and an upward path in the company that they would have a hard time finding in larger organizations. We have a lot of expensive and sophisticated equipment here, and staying state-of-the-art and keeping it all running efficiently is critical to our operation, and requires smart, skilled, and well-trained people.

HV Mfg: What do you think makes a good leader?

E.T.: I think it is important for a leader to set the right tone. You develop and communicate a vision, and then establish a strategy to pursue and achieve that vision. You then need to empower people to help make it happen. The hard work, I suppose, is balancing the vision with the execution.

I like to use the rocket-to-Mars analogy. If I want to send a rocket to Mars, there are basically two ways to get it there. The first way is to intercept the planet in its orbit. I need to do all the calculations for speed, gravity, orbital path, and travel time to figure out where exactly Mars will be at an exact point in time in the future - and then I point the rocket at that spot and send it off. The second way is to launch the rocket towards Mars, and continually steer it with a joystick until it reaches the planet. For me - especially in this fast-paced world of manufacturing, global competition and changing technologies - I like the second method, because you always need to adjust for variables. A leader's vision can be landing on Mars or specific achievements or milestones for a company, but so much that impacts the realization of that vision is constantly changing. I think a good leader keeps his or her hand on the joystick and constantly steers the company towards that vision, making necessary adjustments along the way.

HV Mfg: Is there leader from history that you particularly admire?

E.T.: There are many - but the one that pops into my head as we're talking is Abraham Lincoln - particularly because of the way he chose his cabinet. The "Team of Rivals" he put in place. I've learned that it's very important for a leader to hear advice from different perspectives, even competing points of view. In a business like ours,

I want to hear from everyone - engineering, from marketing and sales, from accounting. I need to hear all those perspectives if I am going to "steer the rocket" in the right direction. I also think that we've done a good job making sure that all the leaders of our team - Brian, Jessica, Kris, and Lorie - regularly communicate with each other, and understand the issues facing each department and the impacts that decisions in one area have on other areas. That's the only way to have everyone truly focus on the big picture.

HV Mfg: You mentioned plans to increase capacity. Do you have a project in mind?

E.T.: Yes, we are planning to construct an addition on the back of this building, and add another three Generation 3 production lines. This would increase our capacity by around 50 percent. If everything goes according to plan, we would expect to invest somewhere in the neighborhood of \$5 million over the next few years.

HV Mfg: This has been very interesting. Thank you for your time.

E.T.: Thank you. We are relatively new members of the Council but we appreciate all you do for manufacturing in the region - especially in the area of workforce development. We hope to participate in the Apprenticeship Program you are beginning.



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