

ESS / A3

Way To The Forefront

NOLOGY / A4-5

Cup Winner? Yahoo

INE / A8

ugs Learn New Tricks

SHOT / A9

Industrial Machinery

TS / A16-17

ipped To Fight Terror?

INVESTOR'S BUSINESS DAILY

IBD

MONDAY SPECIAL

S&P 500 INDEX

1265.48
-8.60 (-0.7%)

Latest payroll report
drags down stocks

NASDAQ

2130.06
-25.03 (-1.2%)

LifeCell slides to its
10-week moving avg.

DOLLAR-YEN (N.Y.)

114.04
-1.09 (-1.0%)

Dollar falls on jitters
about U.S. slowdown

DOW JONES

11,090.67
-134.63 (-1.2%)

3M spawns
about slow

NASDAQ

1,803
+152 (+9.2%)

Distribution
Nasdaq, NY

EURO

1.2807
+0.0029 (+0.2%)

Lowest level
early June

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TOP 10

Low Forecast

121,000 in June, tepid hiring. Preliminary ADP employment 68,000. But average June '05, a 5-year power growth and less rate held at this page, A2

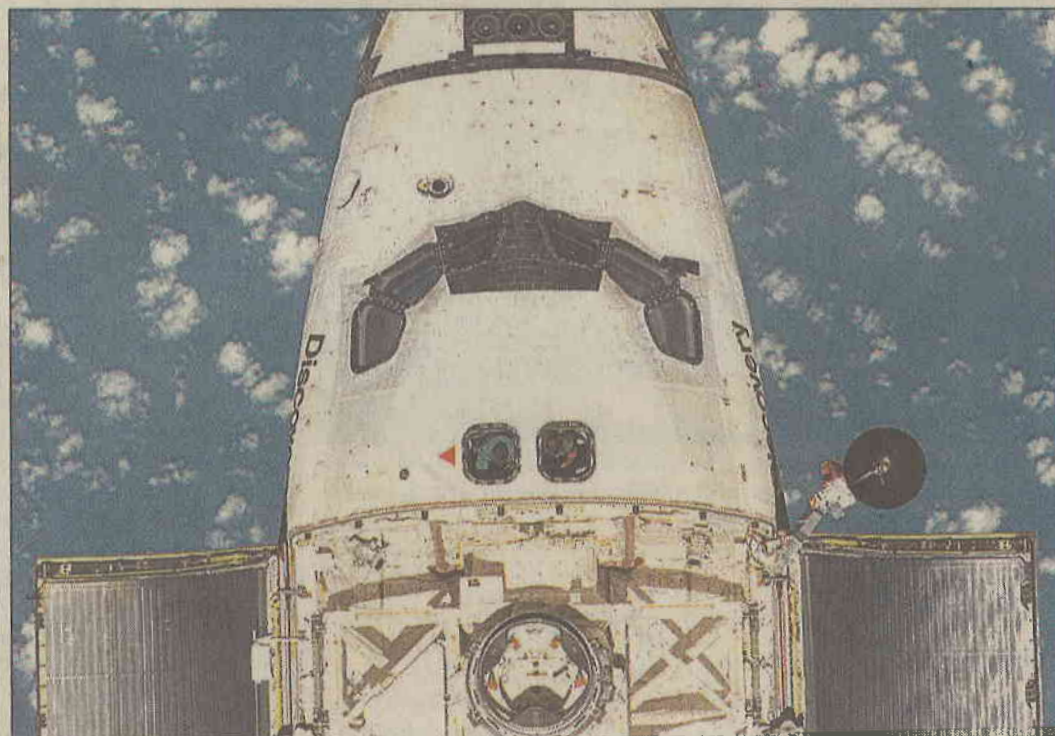
Little Stocks

fell 1.4% and the weak jobs report U.S. slowdown. AMD warned declined 1.2%, with half of that loss. The 10-year rate, erasing the page, B7

Tunnel Foiled

and a plan by for-profit train tunnels led by thousands. At least 8 people an alleged alibi in a plot an FBI Lebanese confessed to plan Oct. or Nov.

Profit Reports



SPACE SHUTTLE DISCOVERY prepares to dock with the International Space Station. Friday was moving day for the Discovery crew, which unloaded thousands of pounds of supplies including a new stationary bike, an air conditioner and an oxygen generator that will allow the space station to support six inhabitants. AP

Google's Major Investments Hint Search Giant Might Become ISP

Broadband capabilities and then fiber or electrical power on IP66 (Google's plan to build a 100,000-mile fiber network to connect its data centers and servers) is a key part of Google's strategy to become a major ISP.

June's 121,000 Jobs Far Below Expectations But Pay Gains

Stocks, Treasury Yields Fall

3M, AMD shortfalls add to signs of a slowdown, but Aug. Fed hike likely

BY KIRK SHINKLE
INVESTOR'S BUSINESS DAILY

The economic slowdown became more apparent Friday after new data showed more sluggish hiring in June. But a big uptick in wages could mean the Federal Reserve will continue its inflation fight.

The U.S. economy added just 121,000 jobs last month after a revised gain of just 92,000 in May, the Labor Department said.

That missed Wall Street's consensus forecast of 160,000, and countered fears of a far-higher figure in the wake of a Wednesday report that predicted a surge in pri-



Metal Man Restoration's Anthony Guglielmo says skilled manufacturing businesses like metal polishing can triumph against foreign outsourcing if they target clients, diversify and deliver results. AP

Metal Man Learns To Outshine Rivals

Expands polishing niche despite outsourcing

BY GARY M. STERN
FOR INVESTOR'S BUSINESS DAILY

The buzz in manufacturing these days is all doom and gloom. Plants are closing, work is outsourced to China and India, and the rust industry is dying in the U.S.

But don't tell that to Anthony Guglielmo, who launched **Metal Man Restoration**, a metal polishing and plating company, in 2003.

In three years, Metal Man Restoration has expanded from a 200-square-foot basement in Pelham, N.Y., to a 5,000-square-foot showroom and factory in Mount Vernon, N.Y.

It has grown from a one-man shop to having 10 full-time work-

his first job, he had to remove all the parts of a doorknob and ended up working eight hours for \$80. He figured he'd better learn to speed things up if he wanted to make a living.

Seeing that there was a growing market for a local metal polisher, he sought a loan from **JP-Morgan Chase's** Small Business unit. Guglielmo's application included a five-year plan that "showed how I wanted to grow the business by doing commercial and manufacturing work while retaining my residential customers," he said.

JPMorgan Chase issued him a \$34,000 loan through the Small Business Administration in 2003. "The majority of loans that we guarantee tend to be re-

cial and historic renovation, 30% residential and 20% manufacturing.

As Metal Man's revenue started increasing, Guglielmo moved from the cramped Pelham store in April 2004 to an industrial park in Mount Vernon. He quit his job at the Federal Reserve Bank and focused on Metal Man. He bought a larger sand blaster and established separate rooms for welding, polishing and metal fabrication.

Guglielmo has been enterprising about finding ways to add to his business. For example, he attends local Westchester County home improvement and antique shows. Most of the work derived is residential.

Guglielmo started bidding on

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In three years, Metal Man Restoration has expanded from a 200-square-foot basement in Pelham, N.Y., to a 5,000-square-foot showroom and factory in Mount Vernon, N.Y.

It has grown from a one-man shop to having 10 full-time workers and three part-timers.

Also, its revenue spiked from \$90,000 in 2004 to \$250,000 in 2005 and is on target to hit \$600,000 in 2006.

Metal Man Restoration is proving that a well-run maker can build its business locally if it targets clients, delivers results and diversifies.

It's also the type of well-aimed niche strategy that defies the odds at a time when most manual work of this sort is outsourced to foreigners.

Guglielmo, for example, homed in on the fact that some highly sought jobs such as restoring historical buildings and meeting the needs of residential clients are better done in the U.S. than shipped overseas.

Guglielmo, 30, who has a master's degree in computer science from Pace University, quit his job as a market analyst at the Federal Reserve Bank in 2003 to open Metal Man Restoration. He yearned to become an entrepreneur, become his own boss and stop taking orders from managers who didn't always respect him. As a teenager, Guglielmo restored old cars and tapped those skills to start a metal polishing business while still working at the Fed.

In April 2003, he started his business in a basement in Pelham, N.Y. All he needed to open was a \$200 metal polishing machine and a \$3,000 sand blaster. He'd race home from the Federal Reserve Bank at 4 p.m., change into his overalls, grab a sandwich at a deli, and work from 5 p.m. until 10 p.m.

To generate business, Guglielmo went door to door in Pelham to grab a series of small jobs, including polishing brass and metals on silverware, lamps, outdoor furniture and antiques. On

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JPMorgan Chase issued him a \$34,000 loan through the Small Business Administration in 2003. "The majority of loans that we guarantee tend to be retail and service. Manufacturing is more research intensive and often carried more overhead to start up, whether new or involving buying an existing manufacturing business," explained John Miller, a spokesman for the SBA's New York district. But Chase "saw potential in his business model and liked his squeaky clean credit record." Guglielmo used the loan to move to a small retail space in Pelham and buy new equipment.

Guglielmo secured a loan despite the metal finishing industry's tough times the last few years. "Outsourcing has significantly affected the (metal finishing) industry," noted Carrie Hoffman, executive director of the National Association of Metal Finishers, based in Washington, D.C. Outsourcing has "hurt businesses. Some have consolidated" to stay afloat. A lot of metal finishing is shipped to Mexico, China and India these days.

Hoffman figures 2,500 to 3,000 metal finishers remain in the U.S. To survive, many have turned to niche specialties such as chroming **Harley-Davidson** motorcycles, faucets and aerospace parts.

Guglielmo attributes the growing success of Metal Man Restoration to its diversification, not its niche specialty. "We do metal fabrication, electroplating, metal polishing and specialized repair work," he said.

His business is organized into three areas: commercial (which includes historical restoration), manufacturing and residential. "If we only did manufacturing, I wouldn't be talking with you," he said.

Guglielmo says about 50% of his business involves commer-

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Guglielmo started bidding on contract jobs involving historic restorations. He earned a \$25,000 contract to restore the lighting fixtures at Newark City Hall and secured restoration jobs at the New York City Police Department's One Police Plaza headquarters and at Columbia University's Butler Library.

Guglielmo keeps his prices competitive, which has let him win about 75% of all the competitive bids solicited. "If I know another company is charging \$1 to polish a lighting fixture, we'll charge 85 cents. If there are 5,000 pieces, we'll still turn a good profit," he said.

Metal Man also is working as a subcontractor for Bridge Metal, one of the largest metal fabricators on the East Coast. Bridge Metal, Guglielmo said, "does everything including widgets, Coca-Cola signs and picture frames."

Despite working for larger commercial and manufacturing companies, Metal Man continues to pursue residential work, which is the bedrock of the business and helps pay the bills.

"We do residential jobs for as little as \$100 and up to \$10,000. We still polish silverware, fix radiators, upgrade lighting fixtures, restore outdoor furniture," he said.

Defying the conventional wisdom that manufacturing is dying and foreign outsourcing rules in metal polishing, Metal Man Restoration keeps increasing its revenue.

"It's all about customer service," Guglielmo said. "I make sure we meet all customer expectations. If we finish metal for \$100 and the customer isn't happy, we'll redo it until we get it right. In the long run, customer happiness and diversification determine our success."