



Metal 3-D Printing for the Five-Axis EDM Industry



Heidi Hostetter Alicia Svaldi

Interview with: *Alicia Svaldi – President and Heidi Hostetter - VP*

CEOCFO: *Ms. Hostetter, what is the focus of Faustson Tool?*

Ms. Svaldi: We pioneered in the EDM industry in the Five-Axis and right now, we are focusing on and promoting metal 3-D printing--additive manufacturing for the future.

CEOCFO: *Was it always the strategy to be at the forefront or has that developed over time?*

Ms. Svaldi: That has always been our forte. What do you think Heidi?

Ms. Hostetter: I think the climate of manufacturing has changed so dramatically in the last ten years if not twenty years.

CEOCFO: *Would you tell what you manufacture?*

Ms. Hostetter: We try to diversify as much as possible. Currently, our customers would include bio customers, medical customers, F-35 parts, upper and lower antennae housings for the aircraft. We do various tracker and satellite projects. We work with a company that puts the antennae on the housings up in space. We also make gun parts.

CEOCFO: *Are clients coming to you because they understand that you are a step ahead or because they understand the history and the quality?*

Ms. Hostetter: It is definitely the quality and the total cost. We have always said we are not the best price but we are absolutely the overall best cost. I think that continues to ring true. For the customers, when the rubber meets the road and they need something to be right and they need it to be on time, they are willing to pay for the best service.

CEOCFO: *Do you find that is becoming more common these days that there is more of an understanding of quality and care as opposed to getting it in the cheapest place?*

Ms. Hostetter: No, I think there is still a culture that is developing. At major OEMs everything is still based off standard costing and purchase for experience and until that structure changes it is still a hard sell.

CEOCFO: *Is 'Made in America' of growing importance?*

Ms. Svaldi: I think it depends on whom you are asking; for us it is. For us, it has always been a big promotion. I think if you are in the manufacturing industry and if you are a consumer, I think slowly it is taking hold and hopefully will continue because I think the more you support American manufacturing the better it will be for the economy as a whole.

CEOCFO: *When a company comes to you, do they know what they want?*

Ms. Hostetter: I think they have a very strong idea of what they are looking for; it is beyond proof of concept. Where they rely on our expertise is to look at the DFM (Design for Manufacturability) and help them with the cost drivers if possible.

CEOCFO: *What might be a typical engagement and then something a little more outside the box?*

Ms. Hostetter: For me in the sales and marketing realm I would say that the day to day is ever changing. It is a contract world and because we do not produce our own products and we produce other company's products, there is really no telling where you will be called to go. Of course, you have appointments set up and things like that but you go to where the demand is and part of what I do and part of the service we try to offer is really customer centric where if you need something I am going to do my best to you that day and work with you. I would say 80% of my day is flexible and unplanned. What do you think Alicia?

Ms. Svaldi: I am the one that comes to the building everyday and Heidi is the face of the company. She is the one that is out there every day promoting and engaging the customers. I am the one that is in here overseeing the company itself in the business aspect.

CEOCFO: *In regards to the pioneering aspect, how do you decide in what direction you look to push the envelope?*

Ms. Svaldi: I would say it would be from the customer feedback that Heidi receives when she is out there. She and I come back and talk it through. When we did the 3-D metal printer it was a three-year project to research before we purchased a piece of equipment. I think it is about looking at trends and that is Heidi's department, gathering the information that comes back. We talk it over and look at it and it literally was three years before we purchased one right Heidi?

Ms. Hostetter: Yes, it was and everything is based on the marketing data that we collect both from our customers and we look at other industries that we might be able to service.

CEOCFO: *Regarding trends, how do you make a decision that jibes with your capabilities and knowledge and business model?*

Ms. Hostetter: I think what we have to look at is taking any experience that we have and if there is a slight disruption for that, that adds value to the customers' demands in total, then we can do that. If there is a complete upset to our business model then we will not do it. In the case of additive manufacturing versus the traditional milling that was done in the past, that was a disruption that was in our business model and it was a calculated gamble.

"We have always said we are not the best price but we are absolutely the overall best cost. I think that continues to ring true. For the customers, when the rubber meets the road and they need something to be right and they need it to be on time, they are willing to pay for the best service." - Heidi Hostetter

CEOCFO: *How do you find people to work in manufacturing?*

Ms. Svaldi: I would say that is the biggest challenge that stunts the growth of manufacturing in Colorado, is trying to find qualified people. We do advertising and then all of us as a team interview and then we have to train after the champ grant that has been given to the Colorado schools. In a couple more years, it will not be as challenging because they have purchased equipment for the community colleges and to do a better job of training. You just never know, it is a big challenge. We are a stable environment with great benefits and secure, good wages. Thankfully people are coming around to looking at it again and educating the youth and people that have been laid off to find work in the blue-collar industry.

CEOCFO: *Is equipment changing because the technology advances more frequently?*

Ms. Svaldi: I think there is even more training because we are so computerized whereas when the company was started thirty years ago everything was manual. You went from manual to CNC where you programmed right on the piece of equipment and now it is so computerized.

Ms. Hostetter: There was shift that happened nationally here where back in the eighties and nineties the commodities were such that they were far more simplistic and that is across the board. When everything started to go offshore, the products that stayed were what they would on the marketing side, classify as low to mid volume, high mix type technology, which means Alicia had to go out now and recruit far more technical people. The shift globally was such that you were not looking for your standard operators. Everybody experienced that.

CEOCFO: *Are there particular industries where you would like to make more inroads?*

Ms. Hostetter: I think definitely the bio and medical realm we have a client base but it is smaller than we would like and I certainly want to grow that.

CEOCFO: *How do you reach out?*

Ms. Hostetter and Ms. Svaldi: It is not your super sophisticated branding or marketing. I am on the road every single day. We purchase space in social media functions probably more than most companies our size and in our industry. We attend as many events as we can so not just customer oriented. Alicia and I both try to put the word out to as many industries, nonprofits or academia. We really do old school word-of-mouth in marketing. It is more personal that way and they remember Heidi more.

CEOCFO: *Does it make a difference that you are women?*

Ms. Hostetter: Absolutely because the cell that we are in is very technical and it is called technical sales engineering. Frequently if I show up there is someone looking at the door waiting for a male to accompany me because how could this

5ft4" blonde women possibly be sitting down at a table talking to us about aerospace engineering, so clearly she is here to take notes. That still exists.

CEO CFO: *Are there instances where it is helpful - where people may remember you more?*

Ms. Hostetter: I think you definitely leave an impression. The sales cycle might be a little longer but once you get past that, there is a respect you gain that is greater than the respect they might have for a man. That has been my experience in the field. I cannot speak for Alicia but it takes a little longer.

Ms. Svaldi: I agree. When there are functions to go to you can definitely be by-passed and walked past and nobody ever assumes that we are female owned and run.

CEO CFO: *How is business?*

Ms. Hostetter: We have had our best year yet.

CEO CFO: *Why is that?*

Ms. Hostetter: I think coming out of the recession was a big part of it.

Ms. Svaldi: That is correct. I think that hit everybody. I think within our organization the right team that we have here at the company has made a big impact on how customers see us.

CEO CFO: *Would you elaborate?*

Ms. Svaldi: I think it is because it is such a challenge to find qualified machinists that can program and run it. For us to wait until we find the right person it is the biggest challenge. I think being able to sit tight is a challenge. We just started to take on interns now that the community colleges have purchased equipment and we are being supportive of the community colleges. We have had our second intern, who is a female, to be able to bring in the right work and be able to have the people there to support them here at the company as well.

Ms. Hostetter: I think everything Alicia said is true. Strictly from a sales stance, that really was a derivative of a couple of markets that we invested in about a decade ago and one was F-35 market. It is hard to tell with sequestration, if that will continue to be impacted but it does not appear that it will. The reality is that the government has said hey we need that aircraft so that was a big help for us. We made an investment about six years ago in a hemoglobin mirror for a medical industry where with two customers we pulled that revenue out of the Colorado market as well as the Midwest market for two different customers and both of those took a lot of effort as far as really working and partnering with a customer. It paid off. Do you agree with that Alicia?

Ms. Svaldi: I agree with that completely.

CEO CFO: *What might be different a year from now?*

Mr. Hostetter: From my perspective, I venture a guess that we will probably be in two almost completely different sectors of industry with the addition of the 3-D printer. It will add value and give our current customer base an opportunity to have more options as far as our capabilities package but I think that we will be heavily relied on by the bio and medical industry and really stake our claim on that. My guess is that we will not be regarded as this aerospace company any longer; it will be the face of two different sectors.

CEO CFO: *Why choose Faustson Tool?*

Ms. Hostetter: It is because we care. We have the technology that supports the needs and you are going to get the best product on time at a fair and reasonable cost.

Interview conducted by: Lynn Fosse, Senior Editor, CEO CFO Magazine



Faustson Tool Corp.

**For more information visit:
www.faustson.com**

**Contact:
Faustson
303-420-7422
hhostetter@faustson.com**