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Dan Rollins, former president, Prosperity Bancshares Inc.

2013 Game Changers

This is an issue dedicated to the end of the status quo.

No matter how you slice it, Houston's economy will be affected in 2013 by key executives, mergers and acquisitions, regulatory decisions, as well as industry trends that will change the game for specific sectors. The *Houston Business Journal* looked at each of the city's main economic pillars and what, or who, is poised to upset the norm in 2013.

HBJ presents its annual Game Changers edition, starting on page 2. More game changers can be found online by visiting houstonbusinessjournal.com.



Sarah Groen and Kirk Coburn, cofounders of Surge startup accelerator



Charif Souki, CEO of Cheniere Energy Inc.



Jeff Applegate, Greater Houston Manufacturers Association



Going the distance

This Houston CEO embodies sweat equity

SEE PAGE 15

INDEX

STRATEGIES	11
H-TOWN	15
PEOPLE ON THE MOVE	16
FOR THE RECORD	17
CLASSIFIED	22
OPINION	29





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Made in Houston

Industry leader offers nuts and bolts of manufacturing's future



Responding to the lack of a unified network of manufacturers in the region, Jeff Applegate, president of Houston's Blackwell Plastics LLP, launched the Greater Houston Manufacturing Association in 2012.

Already, the organization has begun initiatives to improve access to manufacturing education and to connect manufacturers facing similar issues.

Applegate recently spoke to *Houston Business Journal* reporter Molly Ryan about what he sees happening with GHMA in the coming years.

Why did you start the Greater Houston Manufacturers Association?

The first reason is, as small manufacturers, we don't have teams of people to solve all the challenges we have, so it falls back on those that lead these companies. Having a network of people to help solve problems is invaluable.

I often say the time to make friends is before you need them. By knowing other people that are suppliers and have manufacturing capabilities in town, you know they are there when you need them.

The secondary reason (for starting the GHMA) was marketing. We sell (our plastics products) to other manufacturing companies, so being known by our peers (is helpful).

What is the most significant challenge manufacturers face?

Probably a lack of skilled employees. We are not promoting manufacturing education in high school, and we don't have people growing up with these critical skills.

Manufacturers are in short supply, and that limits our ability to grow our business. There are jobs I cannot take on because I don't have the capacity of skilled employees.

Is reshoring, the process of bringing manufacturing back to the U.S., changing Houston's manufacturing scene?

I don't think it has had a substantial effect yet, but the trend and the prospects of manufacturing coming back could have a big effect on Houston's manufacturing scene.

I think the increase of labor costs overseas and the long lead times are a big problem. If you have a business that can't wait for a container to get across the ocean, if there is a problem or a strike — and those inconveniences are characteristics of dealing with overseas — they lead to rising prices.

The gradual increase in inconveniences tied with (a new sense of) patriotism might be pushing (reshoring) over the edge. And I think manufacturers would choose to relocate in Houston because of the access to the port and the distribution channels to the U.S. market. Also, there are low operating costs and a favorable business environment. It's a business-friendly city.

What will GHMA have accomplished in five years?

We want to create a true manufacturing community in Houston. It will address and take care of their interests, education, training, networking, business development and other problems.

