Serial entrepreneur finds another winning strategy

John Sammut, BSBA'88, BSEE'88, was the president and CEO of EPIC Technologies, LLC, as the multinational electronics manufacturing services (EMS) provider grew from $3 million to $300 million in revenues over 10 years before it was sold in 2011. Now he is leading another EMS provider on the path to dramatic growth.

Two years ago Firstronic, which has its main manufacturing plant in Grand Rapids, had $8 million in revenues. Revenues should surpass $30 million this year and are projected to exceed $75 million by 2016.

In the process, Sammut and his partners are demonstrating that American companies can compete in global markets even with the handicap of relatively high wages.

But that's not all. By end of this year Firstronic will open a plant in Mexico to accommodate customers like Volkswagen and Audi that need Mexican-made electronics parts for their assembly plants in Mexico. Firstronic has also established joint ventures in China, the Czech Republic, and India.

Firstronic is a contract electronics component manufacturer that has its base in the automotive industry, but is now expanding into medical equipment, industrial controls, and LED technologies. Employment at the Grand Rapids plant has grown from 45 to over 180 and should reach the plant's capacity of around 300 by 2016. Last year the company announced it would invest $2.45 million at its Grand Rapids location and also won a $300,000 performance-based grant from the Michigan Business Development Program.

"At Firstronic, we've been proving that 'Made in the USA' — and more importantly, 'Made in Michigan' — is still a cost-competitive option," Sammut told the Grand Rapids Business Journal last year.

Sammut is a leader in the "reshoring" movement that brings jobs back to the United States even though labor costs are much higher here. Firstronic is winning contracts away from foreign competitors, and exports to other countries now account for 75 percent of its business.

From Sammut's perspective, the key to success is an experienced management team that includes several executives who worked with him at EPIC Technologies. "We're highly efficient because we've implemented a high degree of automation and use lean manufacturing tools and systems that we've developed, so that labor becomes a relatively small percentage of the cost of goods sold," he said. "We've developed a lot of software tools and automated systems that allow us to be very efficient and competitive globally."

Sammut was recruited to lead Firstronic by fellow LTU alumnus Peter Barclae, BSEE'85, who is the company's chairman and majority shareholder. Barclae put together a financial package to purchase the business from a German auto supplier that was in financial straits due to the deep recession. Sammut and Barclae teamed up to develop a strategy for building up the acquisition.

Lawrence Tech and its Phi Kappa Upsilon fraternity have played a big role in Sammut's business career. He remains active in PKU activities and attended the annual Hall of Fame dinner in May. Over the years he's had the opportunity to hire some of his fraternity brothers.

"We support each other in terms of business strategies and references, and along the way I've crossed paths with many fellow alumni," Sammut said. "There are dozens of entrepreneurs that have emerged from our network."

Recently Firstronic formed a strategic alliance with DASI Solutions of Pontiac, a leading provider of 3D printing equipment, software, and services. The company is owned by David Darbyshire, BSME'87, and his brother and co-founder, Rick Darbyshire, BSME'94.

The desire to work with a new generation of LTU grads is one reason why Sammut is taking the lead in a $250,000 fund-raising campaign to bring an electronics prototype assembly lab to LTU. The state-of-the-art facility will enable college students to do the same type of research that provides an edge to a manufacturing company like Firstronic.

"The lab will benefit hundreds of LTU students every year and help industry gain access to top talent who have the experience to design, manufacture, and test printed circuit boards," said Ken Cook, chair of LTU's Department of Engineering Technology.

This summer two of Firstronic's 10 interns are from LTU.

Sammut continues to live in nearby Farmington Hills. He spends three days a week in Grand Rapids and two days a week in the Detroit area where many of the company's customers are located. "Since we're doing business in Mexico and China, it really doesn't matter where I'm located," he explained. □EP