

AD SLUMP: Hill Holliday dumps jobs as big client wins grow scarce. 4

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Bristol-Myers said to be eyeing 750K sq. ft. Devens campus

BY MARK HOLLMER
JOURNAL STAFF

Bristol-Myers Squibb Co., an international pharmaceutical giant with more than 43,000 employees, is considering Devens as the possible site of a 750,000-square-foot manufacturing facility that would create more than 500 biomufacturing jobs, the Boston Business Journal has learned.

Sources say New York-based Bristol-Myers Squibb (NYSE: BMY)

is negotiating with state and economic development officials regarding the site. An outside individual familiar with the negotiations said discussions apparently have gone well so far but are now at a crossroads concerning "cost issues."

State officials would only confirm that they're negotiating with a large pharmaceutical company in a project known as "Hummingbird." They declined to disclose the name of the company for fear of placing the Bay

State's candidacy in jeopardy.

"This is a very important project to Devens and the commonwealth, and we would not want to do anything to put the potential of this project in jeopardy by disclosing information that the company has asked not to be disclosed," said Meg Delorier, MassDevelopment's Devens spokeswoman. MassDevelopment, a quasi-state economic

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BY MARC BERNISAJI / BUSINESS JOURNAL

Devens could be home to a Bristol-Myers Squibb campus if veiled negotiations code-named "Hummingbird" satisfy the giant pharma firm.

Mass. manufacturing hangs tough

Durable goods gain offsets slide in other sectors, keeps job level even

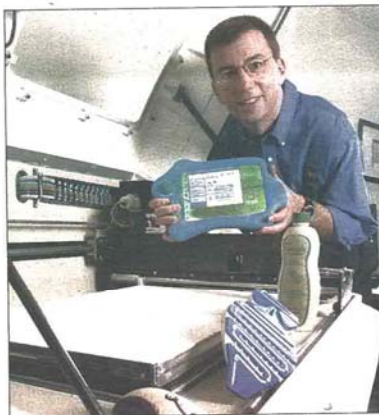
BY SHERI QUALTERS
JOURNAL STAFF

Despite a merger wave and a powerful tide toward overseas outsourcing, the Bay State's manufacturing sector is holding steady, thanks to a growing pool of jobs producing high-technology equipment and parts.

Massachusetts' manufacturing rolls expanded for the second straight month in December, and experts say last year's 2,500 increase in durable goods production jobs sends the strongest signal of the sector's future survival in the state. Gains in durable goods — which are components, instruments and machines designed to last more than three years — came mostly from high-tech segments, including computer and peripheral equipment and semiconductors.

The increase illustrates the strength of the state's high-tech economy, said Katharine Bradbury, senior economist and policy adviser at the Federal Reserve Bank of Boston.

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BY MARC BERNISAJI / BUSINESS JOURNAL

Mike Vogel, director of operations at 3-D copy-machine maker Z Corp., says productivity gains keep total manufacturing costs here lower than they would be overseas.

Babson Capital to shed parts of fund family

BY CRAIG M. DOUGLAS
JOURNAL STAFF

Babson Capital Management is being squeezed by its parent company, Massachusetts Mutual Life Insurance Co., which is forcing it to sell and partially dissolve the renowned firm's laggard mutual fund and private-wealth businesses.

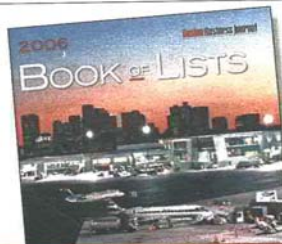
Sources close to the Boston company's operations said MassMutual has already notified people of pending layoffs, telling those involved that the cuts will take place by the end of March. Babson Capital said it currently employs more than 600 people in the U.S. and Europe. A company spokeswoman declined to confirm the extent of the cuts, but acknowledged Babson Capital will drop certain businesses "to focus on its core

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MANUFACTURING: Overall sector jobs hold level, durable goods jobs grow

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"Presumably the manufacturing jobs we've shed have not been playing to that advantage," Bradbury said. The overall number of manufacturing jobs in Massachusetts remained flat last year at approximately 313,000, with a decrease of 2,300 jobs in nondurable good production.

If high-tech manufacturing is emerging as a ballast for the sector, then **Z Corp.** of Burlington, which makes 3-D printers to help other companies design new products, may be emblematic of the trend. The company boosted its work force to 120 employees over the past year and expects to grow by another 10 percent to 20 percent this year. Although the company continually weighs outsource manufacturing opportunities in Asia, Europe and Mexico, total manufacturing costs are lower in the Bay State as long as the company keeps improving productivity, said Director of Operations **Mike Vogel**.

But sales gains are ramping up faster than hiring. **Z Corp.**, for example, grew its work force by 20 percent amid a 53 percent revenue run-up to \$31 million in 2005 from \$20.2 million in 2004.

"As with every other industry, we feel we're competing with a number of overseas manufacturers," Vogel said.

Semiconductor manufacturing equipment maker **Axcels Technologies Inc.** (Nasdaq: ACLS) of Beverly, which announced two major sales of ion implant-

MAKING IT IN MASSACHUSETTS

Manufacturing employment changes in the past 12 months

Sector	Dec. 2004	Dec. 2005
Fabricated metal	36,900	36,800
Computers & peripherals	89,800	92,500
Semiconductor & electrical components	19,100	19,600
Navigation, measurement, control	28,300	29,000
Medical equipment & supplies	13,200	13,300
Food	23,200	22,900
Textile	8,600	7,800
Paper	14,100	13,900
Printing & support	16,200	16,000
Plastics & rubber	17,100	16,500

Source: Mass. Division of Unemployment Assistance

ers to semiconductor plants this month, brought back 22 furloughed workers and added 10 temporary workers last quarter. **Axcels** also plans to add 25 to 30 workers this quarter, including some long-term temporary production workers who are eligible for benefits.

And military armament and robot maker **Foster-Miller Inc.** of Waltham, which is part of British-based **QinetiQ Group PLC**, farmed out work to local contract manufacturers when its deal with the **U.S. Navy** to make robots to handle explosive ordnance ballooned by \$229 million last September.

Having a farm team of workers with those special skills appears to be the

only way to compete, said the Federal Reserve's Bradbury.

"There are more serious trade-offs for employers who are looking at other locations where wages might be lower but the skill levels might not be as high," Bradbury said. "If you need the skills, it's a more serious trade-off."

Overall, manufacturing employment stabilized at 312,900 jobs, or 200 more than December 2004, halting a 24 percent slide since the July 2000 manufacturing head count of 410,400. The stabilization is encouraging, said **Elliot Winer**, chief economist with the Massachusetts **Department of Labor and Workforce Development**.

"It's encouraging that we're seeing growth in some of the higher paying areas," Winer said.

The decrease of 2,300 jobs in nondurable goods industries such as clothing, food and textiles largely offset the durable goods gains, but much of the drop can be traced to a handful of high-profile reversals last year. **Quaker Fabric Corp.** (Nasdaq: QFAB) of Fall River, for example, cut about 950 jobs last year. Now down to 1,563 employees, Quaker announced plans this month to outsource finishing work to a new Chinese manufacturing partner. Former Beantown legacy company **Gillette Co.** quietly shed production workers before its acquisition by Cincinnati-based **Procter & Gamble Co.** (NYSE: PG) last October. The razor maker told the Boston Business Journal last September that 50 manufacturing workers opted for a voluntary settlement in the first few weeks of a buyout program.

Bruce Hamilton, president of the **Greater Boston Manufacturing Partnership**, said he's happy to hear of an increase of any kind because many companies are making due with the workers on hand.

"The companies I'm working with are holding the line," said Hamilton, whose organization teaches lean manufacturing concepts to companies looking to trim costs and time.

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