

Keystone Edge Recognizes Custom Processing Services



Co-Founder – Gregg Shemanski



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Custom Processing Services, co-founded by Gregg Shemanski and Jeffrey A. Klinger, specializes in making particles so small they can hardly be seen.

Starting in December 2000 literally as a two-man operation, with Shemanski and Klinger running the high-tech equipment only at night because of high electricity use, the business has grown to employ more than 100 people, with four buildings in two locations, Exeter Township and East Greenville.

CPS uses the latest technology to micronize and ultra-fine-grind materials for a wide range of products, including chemical powders, waxes, polymers, minerals, metals, fillers and pigments. In 2011, CPS opened a state-of-the-art facility to process food- and pharmaceutical-grade products.

The company is now at the forefront of the industry, with more than 150 clients from all over the world. Shemanski, 54, says with considerable pride, "We were too stubborn to give up."

What was the inspiration behind Custom Processing Services?

I worked in grinding and processing for quite some time, and worked for a few other companies, and nobody wanted to put in the better mousetrap I knew was out there. So after a while I figured it was time to put up or shut up.

We did have a better idea. We also had a great business plan that we vetted for almost a year before we presented it. We had it down pat to where local banks were actually saying, "We don't do start-ups, but we're gonna

do yours." We had two banks fighting over our business, cutting rates on each other.

We stayed real close to what the business plan was, and three years later (four years out from the plan), we were within half a percent on income, a quarter percent on profit and within \$111 of interest expense. . . so we knew what we were doing.

The idea was the technology for micronizing and grinding powders that we installed here. The technology was there, but we put it together and took it to the next level. I don't know why anyone else didn't do it, but we did.

What was the biggest challenge in getting it started?

Getting funding. We didn't go with joint venture capitalists or with angels; we went with a few folks who bought a little bit of stock in the building and the rest of it was private financing with banks, state funding (from the Pennsylvania Industrial Development Authority and Machine and Equipment Loan Fund) and the federal SBA 504. Nobody wanted to do it alone. We got everybody talking together, and then we all held hands and jumped into the pool together. We (Jeff and I) personally had to put up our house, our kids, our wives and our dogs—everything we had.

How has the business grown?

We incorporated in 1998 and we moved here (2 Birchmont Drive) in July 2000, renting it from one of our shareholders who purchased it, with the option to buy it later. My partner and I, with some contractors, put in all the equipment ourselves, and ran the equipment. Then Jeff would do maintenance on the equipment, and I would come in and do the sales, the purchasing, the payables, quality reports, shipping and receiving.

In January 2001 we hired our first employee to help run the machines. We got more work, purchased a second machine, and hired more employees. We purchased this building in 2004. In 2005 we purchased 1 Birchmont Drive; in 2007 we purchased a grinding facility in East Greenville and put in rail there; in 2011 we purchased 0 Birchmont Drive for our pharmaceutical business, and we're putting in clean rooms there.

Now we have more than 100 employees, and we run 24 hours a day, seven days a week. We have over 150 clients from all over the world, in the pharmaceutical, plastics, pigment and food industries.

What resources did you take advantage of to launch CPS?

(Northeast Pennsylvania) Ben Franklin (Technology Partners) was absolutely with us. They helped us vet

our business plan. They put us in touch with the local funding groups, like the Greater Berks Development Fund, which was fantastic. Then GBDF put us in touch with the other funding groups (PIDA, MELF).

Ben Franklin put in money (\$235,000) that we paid back for operating expenses . . . then we had Joe Dolan, one of our shareholders, who worked with us to make sure we had enough cash flow to get through that first six months.

What could be done to stimulate small business to be an engine for job creation?

When I look back at the very beginning, we were able to do well with the help of the funding agencies, but as more and more regulations come out, I don't know if we could have started our operations 13 years ago under the regulations that exist today. It can take up to 18 months to get a permit to put a new piece of equipment in. We were able to do it in a very short time frame. . . The regulations have changed in 13 years to make them pretty difficult.

What are some of the advantages of being in Exeter Township, Berks County?

At the time, it was an area that was a little easier to do business with. Now it's almost as difficult as Philadelphia or New York. There's reasonable access to a road network. There's good access to power. There's good access to labor markets, for both the skilled workers and the degreed workers (engineers, accountants, etc.) that we use. The area around here has people with a good work ethic.

What's the big differentiator for your company?

Our competition has told us, "You're the benchmark for everyone in this industry." We provide the best technology. We are always introducing the latest methodologies. What we had 13 years ago looks like a Model T compared with what we have today. Some of the technology is developed in Germany, and we are bringing it here. We have top-end technology and we know how to use it.

What's next for CPS?

The addition of new equipment, especially for our pharmaceutical business. Also, in the East Greenville site we're looking to put some of the latest technology in for ultra-fine grinding.

We have a couple of customers who want us to partner with them in processing at their sites outside the country, which we're investigating right now. That's five years' worth of work!

– by Susan Peña