



Equipment financing planning: Ascent Tool Corporation gears up for high-speed growth

When it came to either squeezing out small margins or driving maximum growth, Ascent Tool Corporation opted to take the fast lane.

After acquiring financing from BDC, the Mississauga-based automotive tool and die, design and manufacturing company has now considerably boosted its equipment portfolio and expanded its facilities from 20,000 to 50,000 square feet. "We had outgrown our premises, and now we're getting ready to triple our production capacity without a significant increase in our personnel," says CEO Phillip Hemans, who operates the company with principal shareholder and President John Mitchinson.

Today, Ascent Tool, which services industry players such as Magna and Martinrea, boasts computer-aided design and manufacturing capabilities that "now match the skill-sets of our expanded management team," says Hemans. "This investment gives us a real competitive edge. In our business environment, there has been a trend towards sourcing to low-cost suppliers in other countries, but they often lack the technical expertise, production/quality processes and management depth that our customers demand," he emphasizes.

John Mitchinson, for example, has over thirty years of experience in the automotive parts tool and die business, combined with Heman's extensive financial background as a C.A. "We now have the right combination of equipment and expertise," he adds.

Take a calculated risk

Ascent Tool decided to invest in equipment during a period when the automotive industry wasn't seeing exponential growth, but Hemans believes that their long-term strategy is the right one. "You do have to take a calculated risk with this size of investment," says the CEO. "We assessed the marketplace carefully and realized that there was a demand for our services as long as we deliver top quality products/solutions within the cost and timelines required by our customers."

Along with investing in its human resources, the company has also strengthened management's depth and breadth of technical experience with the addition of senior partner Oliver Byrne, he adds. The new automated equipment allows the company to develop more complex and larger dies, reduce direct labour costs and improve project turn-around time. Ultimately, by acquiring high-performance machinery, Ascent Tool is able to reassure its clients that the company can successfully manage more complicated die builds while meeting stringent delivery deadlines.

Consider used equipment

Ascent Tool also reduced the risk of over-spending and draining operating cash by opting to purchase used equipment "We looked at the availability of funds and the efficiency gains, and buying used equipment that we could retrofit was an excellent choice for us," he says. "In our business, equipment that is 10 years old is considered fairly new. Some machines go back 40 years and can still do the job once they're retooled," he adds. To refurbish the equipment, the company relied on specialized suppliers instructed by Mitchinson and Byrne, whose combined technical background and experience base allowed the company to successfully complete the modernization of its plant and equipment.

Seek expertise and plan ahead

Ascent Tool also had the added advantage of being able to access in-house designers and production specialists. "You want to plan carefully and ensure your new space and equipment delivers the maximum potential," he says. Ascent Tool, for example, was faced with retrofits requiring deep pits for high tonnage presses, major adjustments to the facility's roof and specialized tracks for a multi directional "rolling bolster" for its new production equipment.

Find the right financing

Buying equipment can be an enormous investment, so pinpointing the right financing partner is also essential, says Hemans. "We chose BDC for our equipment financing because the Bank is solutions-oriented. We had to invest considerably and BDC enabled us to complete our funding. We wanted to deal

with an organization that understood our needs and could see our growth potential down the road," he says. Although the company considered leasing equipment as an option, in the end Hemans says the firm chose to own its equipment and build additional equity. "That was a strategic decision with a long-term horizon," he concludes.