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# Business

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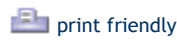
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**Business: Manufacturing**

## Laser metal-cutting company stays local

By HEATH HIXSON, *Rockford Register Star*

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ROCKFORD -- When Target Laser & Machining decided to start looking for a location to expand, several Wisconsin communities dangled tax incentives to lure the manufacturer away from the small space off North Main Street that it has called home since opening in 1984.

But company President Steve Reiter, whose father, Gary, started the laser-cutting and metal fabrication company in an 840-square-foot bay at 2500 N. Main St., said Rockford "is part of our identity."

So Target Laser opted to expand in Rockford.

"We were actually looking at going to Wisconsin. And to be honest with you, there are several manufacturers here in the city that have made it apparent to us that they want us to stay local," Reiter said. "That really was the thrust because we were prepared, and there were incentives being offered for us to move our facility. It generally came down to just a gut feel."

The company has launched a nearly \$2 million expansion that will almost triple its operating space, increase manufacturing capability with new equipment and potentially add up to 10 jobs in the next year to keep up with new orders.

Target Laser is expanding from its 18,000-square-foot factory on North Main into a 50,000-square-foot building across the alley at 2433 Fremont St. that was home to Atwood Mobile Products. The move could be completed by late June.

## Business: Manufacturing

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## Profile: Target Laser & Machining, Inc.

- Headquarters: 2500 N. Main St.
- Top executive: Steve Reiter, president
- Sales: \$3 million in 2004 for Target and its associated companies
- Profits: Private company, would not disclose.
- Employees: 15
- Products: Laser cutting services and general metal fabrications.



Christina N. Elbers/Rockford Register Star

Dennis Anderson, a laser operator at Target Laser & Machining Inc. in



Reiter said the company's ability to expand is the result of good customer service, diversification of the company's products and services, and employees' hard work.

"We have added so many new functions to what we are doing," he said. "We have expanded our facility to have a whole realm of applications under one umbrella. Many different manufacturing methods under one umbrella, rather than what we used to do with laser processing."

Mike Kubera, a company spokesman, said the combination of the building's renovation and a planned purchase of an automatic laser-cutting machine that will increase the company's productivity capacity could bring the total cost of the expansion to \$2 million. Without the equipment, the expansion would cost about \$1.5 million.

Roughly 40 percent of the funding was secured through a U.S. Small Business Administration loan program with the help of the Rockford Local Development Corp., which administers the program in the region.

"We will literally be able to run in this building probably more efficient for less money and have almost three times the space as what we have over there (at the North Main facility) because of this program," Kubera said.

The additional space will give the company more operations capability and translate into new and larger customers. Such expansion allows the company to hire new employees, too.

The federal guaranteed loan program provides financing for small businesses on a long-term, fixed-rate basis that otherwise might not be available through a bank. Loans typically carry 10- or 20-year fixed rates. The loans are largely used for building projects.

John Phelps, executive director of the RLDC, said access to funding through the federal program allows smaller companies to grow now rather than wait for more traditional financing methods to become available.

"Capital is the life blood of any small business," he said. "And for them to grow they have to either borrow or invest their own money."

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### **SBA 504 loan program**

At least 40 percent of the funding Target Laser & Machining will use to purchase a former Atwood Mobile building and a new laser machine came through the U.S. Small Business Administration's 504 loan program administered through the Rockford Local Development Corp.

The 504 program is a guaranteed loan program that provides financing for small businesses on a long-term, fixed-rate basis that otherwise might not be available through a bank. Loans typically carry 10- or 20-year fixed rates.

Rockford, watches as a machine cuts a design and logo into a pipe Thursday.

[View full-sized photo](#)

The RLDC issues a bond on behalf of the borrower, and the SBA guarantees repayment of that bond in exchange for fees from the borrower and the participating bank. The financing is similar to a second mortgage in that it is subordinated to a first mortgage that is typically issued by a bank to a small business for its project.

The money from the SBA 504 program is typically used for capital projects, such as a building purchase, and not operating expenses like stocking inventory.

*Source: Rockford Local Development Corp.*



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