

State helping to fund firm that aims to help industry

By [Ron DaParma](#)

TRIBUNE-REVIEW REAL ESTATE WRITER

Saturday, October 25, 2003

A Pittsburgh company hopes to add about 110 new jobs within three years by helping Fortune 500 manufacturing companies save big money in purchasing materials they need to help their operations run.

And the state is chipping \$460,000 to help MRO Direct Inc. accomplish that goal.

"It will be difficult for any significant corporation to say 'no' to MRO Direct because we can provide them with hard cost savings for their manufacturing plants," said Don C. Belt, president of the South Side-based company, at a news conference Friday at the State Office Building, Downtown.

Those savings can be in the range of 10 to 15 percent for what are called "indirect materials" -- everything from nuts and bolts for factory machines to work gloves -- for maintenance, repair and operations, said Belt, who said companies know how to buy these items themselves, but don't often think enough about how to "buy smart."

That's what MRO can provide by acting as a purchasing agent, using its relationships with some 3,000 suppliers, including product manufacturers in the TruServe Corp. hardware store supply network. It provides customers with access to customized electronic catalogs for those items, and its own personnel handle the ordering, billing and customer service for those companies.

"This is a growth company with real potential," said Dennis Yablonsky, secretary of the Department of Community and Economic Development, in announcing a package of public funding that includes a \$100,000 Opportunity Grant; a \$200,000 loan through the Small Business First program; \$110,000 in Job Creation Tax Credits and \$49,500 in eligible training costs through the Workforce and Economic Development Network of Pennsylvania.

Yablonsky described MRO as one of the new breed of so-called "gazelle" companies, firms that have the potential to grow their revenue 20 percent annually for four consecutive years. "These folks (MRO) fit that profile; I'm sure the 110 new jobs is just a start," he said.

"This is a \$5 billion segment of a \$224 billion MRO industry," said Belt, who formerly served as an official with ServiStar Corp., the predecessor firm to TruServe, at the company's former offices in Butler. He said the segment is growing at a rate of 20 to 25 percent per year, and his expectation for MRO Direct is to reach \$200 million in sales by 2006, building rapidly from only \$1.8 million expected this year.

His optimism is based, in part, on the company's early success with two major customers, TRW-Automotive, and Valspar Corp., which each have potential for generating up to \$60 million in business.

The company, whose 13 existing employees are based at the Terminal Building complex on the South Side, will invest some \$2.9 million in its planned expansion there, which will take its space from 2,600 square feet to 6,000 square feet.

Ron DaParma can be reached at rdaparma@tribweb.com or 412-320-7907.