

# San Francisco Chronicle

## Winners and losers of industry in the past year

By Stacy Finz, July 29, 2011



Cattle ranching and farming, forestry and logging and motor vehicle parts manufacturing are among the 12 private industries to experience the largest sales increases from June 2010 to June 2011, despite economic doldrums, according to Sageworks Inc., a financial analysis group.

Nonresidential construction, florists and dry cleaning and laundry services were among the industries to take the biggest hit, according to the group, based in North Carolina.

But just because sales are up doesn't mean these industries are flourishing, warn experts. Cattle ranching, which according to Sageworks showed a 16 percent jump in sales, has been on the decline since 2007.

Overall cattle inventory in this country is down 1 percent, according to the USDA's July numbers. The reason: Many ranchers are fleeing the business because of soaring grain prices. Scott Hollis, a USDA livestock economist, said the big operations have been able to hold on, but feed costs have become prohibitive for the smaller rancher. So there's less supply.

"The prices for feeder cattle - animals weighing between 700 and 850 pounds and are mature enough to be separated and fattened in a feedlot before being slaughtered - have been up, partly because of the tight supply," Hollis said.

While higher prices may be helping out existing cattle ranchers, consumers are bound to see a change at the butcher counter. "They'll be paying more for their steaks and hamburgers," Hollis said.

Brian Hamilton, Sageworks' CEO, said he's seeing the largest sales growth in the manufacturing industries. Forging and stamping tops the list with a 26 percent increase. Motor vehicle parts manufacturing saw a 21 percent rise.

### Taking a tumble

Not unlike cattle ranches, the nation's manufacturing companies have dwindled during the past 20 years, mostly due to competition from overseas. So sales are up because American supply is lower, but demand remains high, Hamilton said. In the last three months the fabricated metal industry saw an 8.9 percent increase in employment, according to the U.S. Bureau of Labor Statistics.

"Even the industries doing badly aren't doing horribly," Hamilton said. "A year or two ago some of these businesses were down in the double digits."

Residential building construction stayed static. Nonresidential building construction is fourth from the bottom of Sageworks' list, down 4 percent in sales revenue from June 2009 to June 2010. Land subdivision was rocked the hardest, down 19 percent.

"What this recession has told us is if you're in [real estate](#) you were badly affected, if you were selling something people needed you probably did OK, and if you were selling a discretionary good you definitely had lower revenues," Hamilton said.

Florists are down 3 percent, while two categories, dry cleaning and laundry services, and warehousing and storage, are down 1 percent. Employment in the warehousing and storage industry was down 0.1 percent during the past three months, according to the Bureau of Labor statistics.

### Essentials and luxuries

"Maybe instead of consumers taking their clothes to the dry cleaners twice a week they've cut down to once a week to save money," he said. "That seems to continue to be the trend. High-end salons had a tough time during the worst of the recession, while barber shops did fine."

Many florists across the Bay Area took a hit. But not Church Street Flowers in San Francisco, said co-owner Stephanie Foster. She admits that her competitors' downfall may have helped her business.

"Two years ago I saw a few florists close," she said. "One of them referred their business to us."

Partly as a result, Foster saw her business go up roughly 5 percent last year.

"We're kicking butt," she said, adding that not everyone has been as lucky. "When I go to the (flower) market it's not as crowded."

It's hard to say what the numbers are telling, said Hamilton. "It's like reading a menu in Chinese," he said.

"For every four to five years of expansion there's about one year of contraction if you look at the last 200 years of American business history," he said. "Now, it looks like we're slowly coming out of the recession."

### Top 12 industries

Industry	Sales change
Forging and stamping	26%
Metal and mineral (except petroleum) merchant wholesalers	26
Resin, synthetic rubber and artificial synthetic fibers and filaments manufacturing	22
Coating, engraving, heat treating and allied activities	21
Motor vehicle parts manufacturing	21
Machine shops; turned product; screw, nut and bolt manufacturing	20
Wholesale electronic markets and agents and brokers	20
Forestry and logging	18
Scientific research and development services	17
Petroleum and petroleum products merchant wholesalers	16
Cattle ranching and farming	16
Pharmaceutical and medicine manufacturing	15

## Bottom 12 industries

IndustrySales change	
Management of companies and enterprises	0%
Residential building construction	0
Foundation, structure and building exterior contractors	-1
Warehousing and storage	-1
Dry cleaning and laundry services	-1
Medical and diagnostic laboratories	-2
Architectural and structural metals manufacturing	-2
Florists	-3
Nonresidential building construction	-4
Motion picture and video industries	-5
Other investment pools and funds	-5
Land subdivision	-19

For the full article featuring [Sageworks](#)' private company data and insight, please visit The San Francisco Chronicle – [Winners and loser of industry in the past year](#).