

November 1, 2009

## Recession headwinds buffet area's Top 100

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The Rochester Top 100 is about as boisterous as the local business community gets. The annual awards ceremony, to be held Thursday in a crowded ballroom at the Riverside Convention Center, sees oceans of people in businesswear whooping and hollering during the celebration of the region's fastest-growing private companies.

But the volume of the cheering might be down a few decibels for this, the 23rd annual Top 100, as the celebration comes amid a tough year for many of the companies.

A case in point is Kirtas Technologies Inc., which burst into the Top 100 last year as the No. 5 company and ranks 7th this year. Between 2004 and 2008, Kirtas saw its revenues explode from \$300,000 to \$16.4 million. But in 2009, Kirtas will likely lose ground because of the recession, said Lofti Belkhir, founder and CEO of the Victor-based company that produces digital versions of books.

Klein Steel Service Inc., a Top 100 company for 13 of the past 15 years, said its shipments are down about 15 percent.

"The global recession hit the steel industry pretty hard," said company President John Batiste. "We're not out of the woods yet. (But) things are starting to pick up."

"2009 was a tough year for a lot of companies," said Sandy Parker, chief executive of the Rochester Business Alliance, which sponsors the Top 100 with the accounting firm KPMG. And the near future does not look much more promising. "Although we think there's going to be a turnaround, it probably won't be a boom one," said Parker.

The Top 100 companies are ranked by revenue growth using a mix of dollar and percentage increases over the three most recent fiscal years. To be eligible, companies must be privately held, independent, have a minimum of \$1 million in annual revenue and headquarters in the Rochester region, which includes Monroe, Ontario, Wayne, Livingston, Orleans, Genesee, Wyoming, Seneca and Yates counties.

The 2009 winners have combined revenues of \$8.5 billion and employ more than 75,000 people. They grew by a combined average of 25 percent over the past two years. All three of those figures — revenues, employment and growth rate — are down from last year, but only slightly.

"We've said all along the Rochester economy has not been hit quite as hard as the rest of the country," Parker said. "This is one piece of evidence of that. There's still a lot of employers out there doing very well. It's a diversified list — that's a reflection of our economy."

The five retail companies in the Top 100 account for the largest share of employment, almost 38,000 jobs, and Wegmans Food Markets Inc. accounts for the overwhelming majority of those. Along with its 37,270 employees throughout the chain, Wegmans likely accounts for most of the combined \$5.2 billion in revenues for the retail companies, although KPMG does not break out financial results for

any single company.

Wegmans, which ranks 55th this year, is the only company that has been in the Top 100 every year since the recognition program started in 1987, which also was the only year Wegmans ranked No. 1.

Service businesses, which include architects, engineers, law firms and many others, are second with combined employment of 29,000 people in 28 companies and revenues of \$1 billion. Manufacturing, which once dominated the ranking, is down to 14 companies with 2,600 workers and revenues of \$565 million. And construction has 15 companies with 2,000 employees and revenues of \$652 million.

## **Pigeons**

To cope with the recession and its aftermath, which is expected to be a slow-growth period at best, Top 100 companies are pursuing a variety of strategies. Many are cutting costs, some are branching out into new markets or launching new products. Kirtas cut about 40 percent of its work force in the past year as large digitization projects with Microsoft Corp. and Yale University fell apart because of the economy. The company, which now employs 45 people, is looking to a new initiative, Kirtasbooks.com, as a driver of future growth.

Say you want a copy of Frank W. DeLancey's 1910 guidebook *A to Z of Pigeons and Bantams*. Copies at Amazon.com start at \$12. Through the new online retail site Kirtasbooks.com, a softcover copy will cost \$10 while a digital download is \$1.95. The company has set up arrangements with a variety of libraries in which out-of-print books in their collections can be digitized and made available for purchase.

"That's really the balancing act ... in this recession," Belkhir said. "(Ensuring) the reduced revenues do not impact the fitness and survivability of the company and at the same time not curtail product developments that are key to future growth."

Klein Steel's focus has been on expansion into new markets in eastern New York and surrounding states, Batiste said. "This has been a great year of learning and getting better," he said. A bigger push for improved manufacturing steps, including the hiring of a full-time process improvement coordinator, is saving the company hundreds of thousands of dollars annually, he said.

While Klein hasn't laid anyone off, it did eliminate 25 positions after people retired or voluntarily departed. The Rochester company, which ranks 11th this year in the Top 100, now employs 211.

In June, Klein Steel started daily shipments to the Albany area to serve that part of the state and nearby states, and it has growth plans for 2010-11 that include additional new markets, acquisitions and increased government work, Batiste said.

## **'Not doom and gloom'**

"We are fortunate to not have suffered a lot in the downturn," said Wireless WorldWide Inc. President Dan Gardner, whose company in Marion, Wayne County, ranks 85th. "Frankly, a lot has to do with the perceptions of cellular phones as a 'utility.' Folks just don't want to go without them ... Even this past year we have seen impressive growth."

But other Top 100 companies are still in the middle of the storm.

"Being in building materials has worked against us," said Donald Tomeny, president of No. 47 B&L Wholesale Supply Inc. in Rochester. Difficulties range from fewer homes being built to commercial roofing work hurt by budget cutbacks.

"That said, western New York is a relatively stable market with few peaks and valleys, so we have not

been hit as hard as some areas of the country," Tomeny said. "Next year is projected to be about the same as this year with an upturn in the fourth quarter, so it is certainly not doom and gloom."

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## Additional Facts

The Top 10

1. Auction Direct USA, Victor
2. 5Linx Enterprises, Henrietta
3. Optimization Technology, Rush
4. R. Brooks Associates, Williamson
5. LeCesse Construction, Henrietta
6. Butler/Till Media Services, Brighton
7. Kirtas Technologies, Victor
8. Rochester Precision Optics, Henrietta
9. Turner Bellows, Rochester
10. Lewis Tree Service, Henrietta