



The Metal Edge: BTD's Rhino Pallet Comes On Strong

By Gerry Gilmour
The Forum

Detroit Lakes, MN - BTD Manufacturing built a name for itself by making parts for other manufacturers. Now, the company behind the metal-stamping magic for the likes of Polaris, Arctic Cat and Toro is producing a product of its own. BTD this winter will begin shipping Rhino products - aluminum pallets and shipping platforms. "There are literally hundreds of applications," said Earl Rasmussen, CEO of BTD Manufacturing and its new subsidiary, Rhino Pallet.

BTD Manufacturing is Detroit Lakes' largest private employer, with 350 people working in two large plants within the city's industrial park. Rasmussen and former partner Paul White founded the company in 1979 in Bismarck as Bismarck Tool & Die. It moved to Detroit Lakes in 1980, as Minnesota natives Rasmussen and White wanted the company closer to potential partners in Minnesota.

BTD Manufacturing was acquired by Otter Tail Corp. in 1995. Otter Tail, a publicly traded company (NASDAQ: OTTR) based in Fergus Falls, Minn., and Fargo, has multiple divisions involved in energy and manufacturing. Corporationwide, it employs 3,000 and generates more than \$700 million in annual revenue.

Otter Tail makes development of the aluminum pallet subsidiary possible, according to BTD Chief Operating Officer Paul Gintner. "They're not afraid of risk," he said of the parent corporation. "They allow us to act like entrepreneurs and take these kinds of risks."

Gintner said the company's revenue stream has grown five-fold since becoming part of the Otter Tail family. "We want to grow - and grow in multiple segments," Gintner said.

BTD Manufacturing makes multiple metal parts for Arctic Cat and Polaris snowmobiles. It is the largest supplier of metal parts for Toro lawn mowers and lawn equipment. Other major BTD partners include Hearth Technologies, a company that makes fireplaces and stoves, and Hoffman Enclosures, which makes metal electrical equipment boxes. All told, BTD manufacturing maintains 3,000 cast-iron dies, each for an individual part its plants can produce.

"They've grown with us in the past three years," said Rory Anderson, buyer in the purchasing department for Arctic Cat at Thief River Falls, Minn. Anderson said BTD makes between \$4 million and \$5 million a year in parts for Arctic Cat snowmobiles and ATVs. "Everything that's metal-stamped, they do for us. They do a fine job for us and we've done well together both in cost savings and growth," Anderson said.

A spokesman with Twin Cities-based Toro said the company doesn't comment on its supplier contracts. He did say Toro is happy to see that BTD is developing its own product with the Rhino pallet. "We're always excited when our suppliers have an alternative business line to ride the peaks and valleys. Anything that gives them the opportunity to grow makes a bigger company such as Toro more comfortable with them," the spokesman said.

Tony Fichter, purchasing manager for ATVs and utility vehicles with Polaris at Roseau, Minn., said Polaris has been buying parts from BTD for "going on 20 years now." Polaris does much of its own metal stamping, so, in some respects, BTD competes for work with Polaris facilities, he said. Snowmobile sales today at Polaris have taken a back seat, in terms of production numbers, to ATVs, Fichter said.

"They get a lot of work that doesn't fit Polaris," Fichter said of BTD. "We feel they are very competitive and their quality is outstanding. They help us balance our capacity, which is nice." At one time, Gintner said, Polaris alone accounted for 80 percent of BTD's business. "If we had stayed in that mode, we might not be here today," he said, noting that the snowmobile industry rides the feast-and-famine cycle of snowfall in the region.

BTD has faced a similar cyclical challenge with the price of steel. Over the past two years, with U.S. tariffs imposed on foreign steel, BTD was forced to shave its margins. Gintner said company officials hope those margins improve now that President Bush lifted tariffs and prices have begun to stabilize. "The market demands creativity," Gintner said.

And creativity makes a product such as the Rhino Pallet possible. As a supplier to other manufacturers, BTD knows shipping. It also is all too familiar with the shortcomings of wooden pallets. Wooden pallets break. They splinter when struck by a misguided

forklift. They get infested with insects and worms. They don't handle cold well. They can't take the heat. And they are a fire risk, said Doug Christians, Rhino sales manager.

Rasmussen and his engineers began working on prototypes for a steel pallet three years ago, at the request of a customer who wanted a 40-inch-by-48 inch pallet that weighed no more than 40 pounds and that could hold 3,000 pounds.

They had a hard time making a steel pallet light enough. Switching to aluminum, they developed a pallet weighing 29 pounds that could hold up to 8,000 pounds. Not only are the aluminum pallets lighter than wooden pallets, but much more durable. Testing by one company showed aluminum pallets hold up for as many as 100 shipping "turns," or trips from point A to point B and back. A typical wooden pallet, according to the company testing the aluminum pallets, typically survives only four turns before it hits the scrap heap.

"We feel these pallets can last more than 10 years," said Christians. Durability is Rhino's strongest selling point. What has to be overcome, Christians said, is price resistance. An aluminum pallet sells for \$72, compared to less than \$10 for a wooden pallet.

Christians said Rhino is developing a lease program to counter price fears. He said the pallets are perfect for the food service industry. They are easily cleaned and can store product in temperatures ranging from 30 degrees below to 300 degrees.

The Rhino pallets can be manufactured in standard sizes or custom sized. One company, for example, has asked BTD to assemble a 12-foot-by-12 foot pallet.

BTD has built an assembly line that can produce an aluminum pallet every 24 seconds. They are formed from sheets of recycled aluminum, pallet sections connected with airplane manufacturing rivets. "We feel this year we can sell 100,000 pallets," Rasmussen said.

A shipment of aluminum pallets just went to Michigan State University for testing. "We definitely have companies looking at aluminum," said James Vogt, director of manufacturing products at BTD. "We see this as a big growth niche."

The BTD plants operate 24 hours a day, five days a week. Gintner said the company is exploring the addition of a weekend shift, to make maximum use of expensive manufacturing equipment. A dozen employees will be added early next year.

Gintner said BTD employees are cross trained so they can work on any number of manufacturing lines in the plants. "My job is to keep everybody employed here," he said. "What that means is that we have to be flexible."

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