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Greenfield's Ewing Controls invests in itself as it takes on international projects

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GREENFIELD — If the power of a 140-megawatt generator, running off of a steam turbine powered by the chemistry of a fertilizer factory in Saudi Arabia, might seem impressive — then imagine the awesome engineering feat of sitting on Deerfield Street, making the electronic controls that drive the equipment.

Or ponder the power of designing and building the intricate controls for the seven diesel-driven pumps that must go into action for the Massachusetts Water Resources Authority storm as part of an emergency flood control system for the city of Boston.

Both projects, and scores of others, have been engineered and built by Ewing Controls, a 16-year-old Deerfield Street firm that Tom Ewing and Tim James set up with Lynn DiTullio in a 10-by-10-foot space at the Greenfield Venture Center.

The two men helped grow the business that now employs 11. (DiTullio has since left the company.)

But Ewing, 67, and James, 59, began thinking about the future of the company, one that has grown dramatically over the years, specializing in automated controls for steam-turbine co-generation equipment in the U.S., Canada, the Mideast, China and Africa. Reusing process steam, whether from heating plants at the University of Massachusetts at Amherst or Amherst College, from drying sugar beets in Idaho or from refining and smelting processes in China and Mongolia, the systems are used globally to produce power efficiently.

Both men decided to move to co-op ownership, giving their employees a chance to buy into the business and allow for democratic governance, with each of the worker-owners having an equal share in the business.

"For Tom and I, it was very much a business decision," said Ewing, who specializes in sales and had been company vice president before the changeover. "We were concerned about what would happen when we eventually retire. Employees are our only asset, really. This is the perfect way to keep them engaged."

The year-long process brought Ewing and James to ICA Group of Northampton, which helped them explore a variety of different succession models.

According to ICA Group's website, 75 percent of business owners reported a year after selling their companies that without careful planning, they regretted the transaction, and also that millions of businesses close up shop after the owner retires.

Democratic employee ownership, the firm explains, is built on the people who helped build the company being the best people to take it to the next level, and seeing whether the existing staff has the skills, technical expertise and relationships to help the business succeed.

The 40-year-old nonprofit consulting firm, that focuses on worker ownership, said "The (Ewing Controls) owners wanted the business to remain a place for their engineers to 'practice their craft,' and were not interested in selling out to larger, strategic buyers in their industry that would likely just extract key assets and close the firm. The new worker owners are excited about the possibilities this new structure has for the future of their company. ... While no management changes were made at the time of the transition, the governance structure transitioned to democratic employee ownership, with the new worker-members electing and serving on the board of directors.

At Ewing, nearly all of the employees decided to buy into the new co-op, to which the business was sold in May.

The new arrangement, Ewing said, "provides a way for new people to join without putting an unreasonable amount of money," accumulating the appreciated value in the company and creating a structure that's sustainable for the long run.

Co-op ownership doesn't affect the management structure of the company, he said. Instead, worker-owners serve on a board of directors that appoints and oversees the management team.

Jeremy Laprade, a controls engineer who joined the company in 2008 doing drafting work, said, "For us, it's probably the best option. It's a good opportunity."

It's a business where people are allowed to grow in different directions, according to their strengths, Laprade said, and everyone does a little bit of everything,

"One of the things I'm most proud of is the employees have been here a long time," said Ewing. "We have a really good team here with good working relationships. That made the conversion easier, because everyone trusts each other."

James, the company engineer when Ewing formed Ewing Power Systems in 1985 in South Deerfield as a turbine-generator business that was bought in 1996 by TriGen and moved to Turners Falls in what became Turbosteam, said the recent conversion provided a way to take the company's employees, culture and business future into account as they looked at dealing with succession issues.

"This is a structure that allows the company to continue forward into the future," he said. "Everyone has the same commitment and dedication," said James, whose son, Dylan, has been with the company since 2005 and is a technician and shop supervisor. "Now they're sharing in the fruits of their labor through their ownership."

ICA's initial work with Ewing was funded through a grant from Massachusetts Growth Capital Corp. aimed at helping the state's small businesses create and retain quality jobs.

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