Third Frontier spurs investment

Private dollars supporting state initiative far exceed forecast, but job formation slow

By CHUCK SODER csoder@crain.com

Ohio’s Third Frontier Project has attracted more than twice as many private investment dollars as the state thought it would to this point, though it’s harder to tell whether it’s meeting its job creation goals.

The economic development initiative, which gives state grants to spur the commercialization of high-tech products, had resulted in $2.4 billion in private investment on top of what grant recipients are required to chip in, according to state data released last month. That figure accounts for 68% of the total $3.5 billion that the state, grant recipients and other investors have invested in Third Frontier projects so far. It also amounts to $8.38 for every dollar spent on the Third Frontier to date. The state initially expected to attract $3.50 per dollar spent.

The data also indicate the Third Frontier has directly created or preserved 9,816 jobs by 2015. However, the number of jobs created to date grows to 14,100 when the state includes jobs created by the See JOBS Page 30 state.

Developer sets sights on housing potential

By STAN BULLARD sbullard@crain.com

Forest City Enterprises Inc. is taking steps that may change its corporate profile to “international real estate developer” from national developer with holdings from New York to Hawaii.

Charles Ramirez, CEO of Cleveland-based Forest City, recently said four of its executives spent “a week or so” in India and that the company is in talks about a joint venture with a “very quality Indian family to look at the possibility of doing some major development there along the lines of Stapleton in Denver.”

Forest City’s Stapleton project is an award-winning redevelopment of the 4,700-acre site of the former Denver airport to homes, shopping centers and office and industrial properties. Forest City’s interest in India comes amid a broader push outside the United States by real estate developers that include Developers Diversified Realty Corp. The big, Beachwood-based shopping center developer says it’s exploring options to enter Mexico in its latest foreign

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PLenty to see

Already entrenched in eyeglass lenses, Mentor coating firm benefits from added luxury in cars

By JOHN BOOTH jbooth@crain.com

The 21st century dashboard is a crowded place: Satellite-fed navigation systems, stereo to handle every format but the vinyl LP, and touch-sensitive panels that have replaced knobs and buttons. And all those displays have proven a boon for Mentor-based North American Coating Laboratories, which develops and applies coatings for plastic and glass lenses.

“There might be less automobiles being made ... but the number of optical displays within those vehicles has gone up.”

— Brian Wilson (above), vice-president, North American Coating Laboratories

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In-house metal shop helped fuel growth

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about 2.5 million dashboard display lenses for the Pontiac Grand Prix alone. The company’s roots may be in the eyeglass world, but auto-industry work now accounts for about 42% of the company’s sales, surpassing the 30% share held by its ophthalmic business.

North American Coating pulled in about $4 million in sales last year, reflecting about 25% cumulative growth over the past three years, Mr. Wilson said. Much of that new business has come from the automotive market.

Mr. Wilson’s father, John Wilson, founded the company in 1974 and remains its CEO. The company employs 45 and is headquartered in what used to be Steris’ base of operations in South Euclid. From Klas to Corvettes — both names are seen on labeled racks of lenses in the North American Coating labs — scratch-resistant and anti-glare coatings are valuable to dashboard displays in the same way they are to eyeglasses and helmet visor lenses. The demand for transparent coatings that go on touch screens has gone up in the market, too.

Car radios, measured in terms of the familiar narrow, horizontal rectangle known as “one DIN,” are taking up more dashboard space as they include more features, notes Milton Beach, spokesman for Delphi Electronics and Safety in Kokomo, Ind. More displays such as navigation systems and touch-screen panels mean more lenses heading to companies such as North American Coating.

“They do put special coatings on those touch screens so that you don’t get fingerprints on the display, and that adds to the aesthetic value for the manufacturer,” Ms. Beach said.

Magic fingers

It isn’t unusual for North American Coating to get a shipment of a couple hundred thousand lenses at a time from an injection molding company that’s supplying the complete pieces to a bigger client such as Delphi. Even so, Mr. Wilson said, the company regularly still handles one- or two-piece orders.

North American Coating does both vacuum coating, in which lenses are covered completely in photographs. The prices include shipping, because although product samples are on display in the stores, customers don’t walk out with the items in hand. Instead, they get “photos” with a code and instructions on how to go online and put photos into the template for the item.

“Customers will come in and they can see, feel and touch this,” Ms. Babcock said. “It’s just a whole different experience than when you see it online.”

What’s in store

American Greetings has a number of customer bases it’s looking to reach with personalization.

First, there are the existing users of Webshots and PhotoWorks, whom the company hopes to turn into more active buyers by offering more products. Webshots’ old online store now redirects visitors to the PhotoWorks site at www.photoworks.com, and the latter retains its original product lines while adding the American Greetings-created content. Those online communities saw an online-only soft launch of personalization, to which Ms. Babcock said there was a “good initial response.”

The company also hopes to capitalize on the appeal of scrapbooking among people who might be interested in creating their own photo books but don’t want to invest too much time and money into the hobby. And there’s the casual Internet consumer who knows her way around the computer but might still feel wary about buying things with a credit card online.

The personalization display in the Carlton Cards stores will be about four feet wide and near the checkout counter in case customers have questions about the line. In about 80% of the stores, there also will be high-resolution personalization shelves at the counter itself, said digital photography division director of retail Elizabeth Drager.

If the line expands, American Greetings plans to offer more personalized products such as wedding- or baby-related keepsakes. The Web sites also will store photos and customer information so different projects can be made from existing photos or additional copies of completed projects can be ordered.

about 43 million households bought photo books, photo greeting cards, collages, calendars, photo CDs, DVDs and other personalized photo items in 2006, the study found.

American Greetings officials would not discuss PhotoWorks’ revenues prior to its acquisition, but according to PhotoWorks’ unaudited quarterly report filed Aug. 15, 2007 — its last filing before the deal with American Greetings — the company’s total revenues for the nine months ended June 30, 2007, were $8.4 million, all coming from custom photo products. Gross profit for the period was $3.4 million.

The initial personalization product line includes 11 items, ranging from a $22.90 coffee mug to a $126 satchel with an outer panel that can be covered completely in photographs. The prices include shipping, because although product samples are on display in the stores, customers don’t walk out with the items in hand. Instead, they get “photos” with a code and instructions on how to go online and put photos into the template for the item.

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