

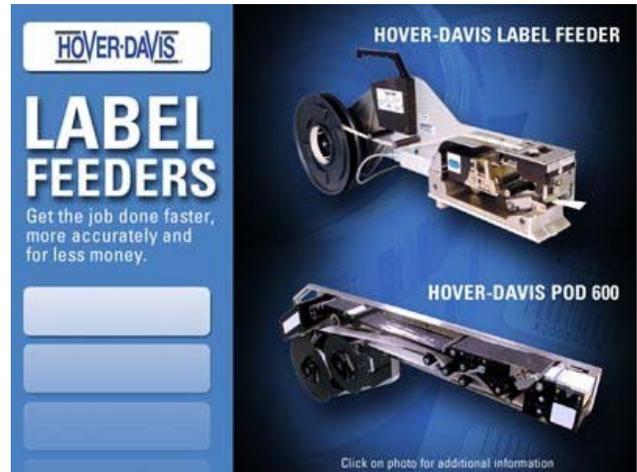
# HOVER-DAVIS

## Overview

Founded 15 years ago, Hover-Davis Inc. is a leading global supplier of electronics component feeding technology.

The company's products — include tape feeders, label feeders and direct die (silicon wafer) feeders used in automated circuit-board assembly lines — work in conjunction with the machines of nearly all major manufacturers, competing directly with Fuji, Panasonic, Siemens and exclusive supplier to Universal Instruments.

Among its current customers are leading subcontract electronics manufacturers such as Flextronics, Solectron and Solestica. Other clients include Intel, Motorola, Lucent, Ericsson and Nokia.



Located in Ogden, Hover-Davis has approximately 140 employees. It expects to generate some \$35 million in revenues this year — up some 50 percent over last year.

In 2001, the company ranked first on the Rochester Top 100 list of fastest-growing private firms, reflecting a 500 percent growth rate between 1997 and 2000. But the company hit hard times between 2001 and 2003.

Hover-Davis is led by president and CEO John Hover. The company's products are sold in more than 35 countries, including China — a market that helped Hover-Davis persevere.

## History

Hover-Davis was founded by two former Eastman Kodak Co. employees, John Hover, and Peter Davis. At the time, Davis was working at a California disc drive start-up firm, Seagate Technology Inc. The two men had met in a tool-and-die apprenticeship program at Kodak back in the 1970s.

Hover got the idea to start his own company back when he was a division manager overseeing the engineers and technicians of circuit-board assembly at Kodak. In his position, he became increasingly frustrated with the tape-feeding equipment. After 17 years of working at Kodak, Hover decided to accept an incentive package, left the company and started Hover-Davis in 1989.

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Hover and Davis — the company's chief technical officer based in Santa Cruz, California — grew their firm over the next decade, logging some \$42 million in revenues and employing more than 180 workers by 2000. That same year, the company moved into a \$5.7 million, 66,000-square-foot facility on Paragon Drive in Ogden.



**Hover-Davis facility in Ogden**

However, 2001 brought bad news. Hurt by the economic recession, Hover-Davis' sales dropped to \$19 million and continued to fall to some \$15.5 million over the next couple of years. Employment declined as well, reaching a low of 120 workers in Rochester last year.

Overall, the company was unprofitable for three years in a row — the result of economic recession, as well as a changing marketplace.

In September 2002, Hover-Davis was acquired by Dover Corp., a publicly held conglomerate with 50 businesses, more than \$4.6 billion in revenues and some 25,700 employees.

### **Situation Analysis**

Most of Hover-Davis' business used to be in Canada, Mexico and the United States. Today, however, it's worldwide. Approximately 50 percent of the company's sales are generated in China.

Those revenues are directly related to Hover-Davis' work with Universal Instrument Corp., one of 13 sister companies that make up Dover Corp.'s Dover Technologies subsidiary. Hover-Davis is the largest supplier to Universal Instrument.

Based in Binghamton, N.Y., Universal Instrument is a global provider of electronic circuit assembly technology and equipment. It has 1,000 employees and operates in more than 30 countries.

Hover-Davis manufactures a component tape feeder in Shenzhen, China, for Universal Instrument products sold in China. The tape feeder was designed here in Rochester, but manufactured in China. The reason is obvious — an average tape feeder sells for \$1,000; the one made in China sells for \$220.

With all the talk of outsourcing lately, some might criticize the company's decision to manufacture a tape feeder in China. But President and CEO John Hover defends the

decision, saying the deal with Universal involves a tape feeder manufactured in China, for use in products sold in China. No product manufactured in Rochester was ever moved to China.

The business with Universal also was critical in helping Hover-Davis return to profitability, Hover said. It accounts for some 50 percent of the company's sales.

As a result, Hover-Davis is profitable again and is now hiring in Rochester once more. New hires have been both manufacturing and professional positions.

## **Conclusion**

Hard hit by economic recession and a changing marketplace, Hover-Davis went from being the fastest growing company in Rochester in 2001 to being unprofitable for three years in a row, from 2001 through 2003.

Today, however, the company is on track and profitable. It anticipates some \$35 million in revenues this year, up 50 percent or more over last year. It's also hiring again, and today employs some 140 workers, up from 120.

Hover-Davis credits its turnaround in large part to business opportunities in China. Its work with Universal Instrument, a sister company, generates half of the company's business.

China offers ample opportunities to Rochester-based companies — opportunities that more and more businesses may recognize in the near future. As Hover-Davis has shown, the Chinese market can not only help companies grow — but survive and thrive.