

Conn-Selmer Kibosh on Kenosha Clarinet Compound

Contributed by Colin Murray
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Conn-Selmer to Close Kenosha Woodwind Facility

On Dec. 4, the Conn-Selmer subsidiary of Steinway Musical Instruments, Inc. announced it will be closing its woodwind manufacturing operations in Kenosha, Wis. The production of the 95,000-square-foot plant will be transferred to the company's woodwind facility in Elkhart. Conn-Selmer reports it has sufficient inventory to meet customer needs during the transition of production, which is expected to be completed over the next 12 months.

The closing marks the end of an era in Kenosha, where the late Vito Pascucci founded G. Leblanc Corp. in 1946 and built it into a leader in the band instrument field. Conn-Selmer acquired Leblanc in August 2004 for \$36.8 million. The acquisition also included the Holton brass instrument factory in nearby Elkhorn, Wis., which is not expected to be directly affected by the closing of the Kenosha woodwind facility.

John Stoner, president of Conn-Selmer, commented, "We have achieved a high level of expertise at our Elkhart facility through the team's steady commitment to continuous improvement. This consolidation will help us gain efficiencies and remain a viable U.S. manufacturer in the student clarinet and flute categories."

As a result of the Kenosha plant closure, which will affect approximately 100 active employees, the company expects to incur charges of \$800,000 to \$1 million over the next few quarters. The charges include severance costs, make-ready costs to prepare the Elkhart plant, and costs for the relocation of machinery and inventory from Kenosha. In addition, the company expects to incur expenses associated with terminating the use of certain capital equipment and real estate assets.

Dana Messina, CEO of Steinway Musical Instruments, explained, "This very difficult decision regarding Kenosha reinforces our commitment to remain a profitable U.S. manufacturer of band instruments. We are confident that our strategy will improve profitability and allow us to compete with lower-cost offshore manufacturers."