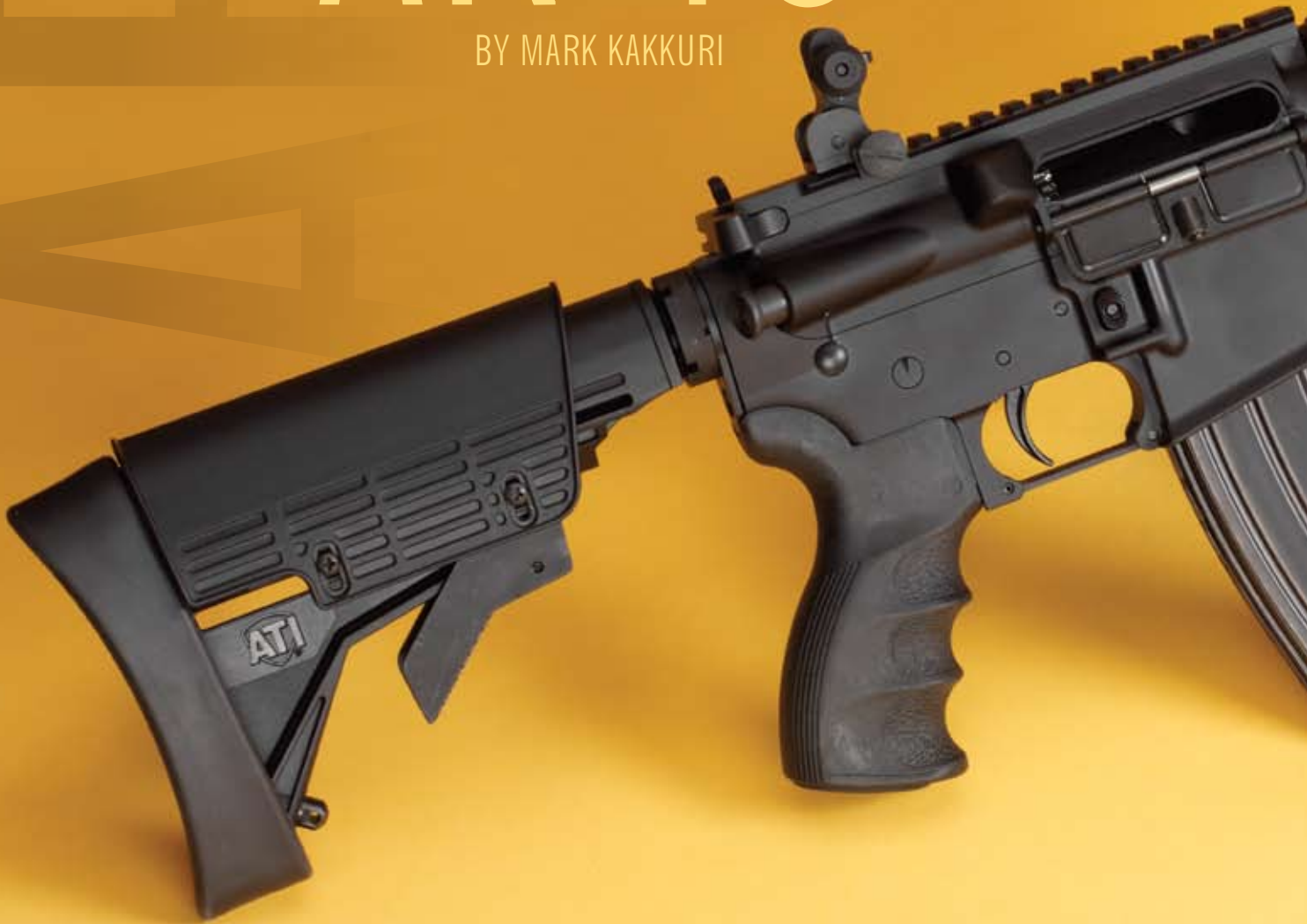


When the recession hit Anderson
Manufacturing, the company started making
AR-15 rifles and profits soared.

SAVED BY THE AR-15

BY MARK KAKKURI





Tom Steffner reviewed the dismal company marketing report: sales for 2009 were down 50 percent. As the vice president of sales at Anderson Manufacturing, a Hebron, Kentucky-based machine shop founded in 1965 with clients in the aerospace and automotive industries, Steffner was about to enter a meeting with company's owners to discuss what to do. The recession had hit Anderson's customers hard, sales had dropped, and the company could not continue on this course. Difficult choices lay ahead.

Steffner and the company owners considered the 51-employees, the company's 40 years in the machining industry, and resolved to find a new means of staying in business. With the poor economic health of the nation and the aerospace and automotive industry in decline, they considered entering one industry that was doing well: firearms.

"Gun-making had never even entered our minds," says Carl Anderson, owner. "But we decided to get serious about it." Anderson Manufacturing acquired a Federal Firearms License and soon an opportunity arose to make a high-quality upper and lower receiver for an AR-15 rifle. "We jumped at the chance," says Anderson.

The timing seemed right and the work a good match for Anderson Manufacturing: sales of AR-15s were especially strong and the company specialized in metal work. Many of the employees were avid hunters and shooters.

"We recognized that with the election [of Barack Obama] the gun industry was going to go through the

roof," says Steffner. Their vision proved prophetic. Ted Novin, director of public affairs for the National Shooting Sports Foundation explains: "The continued increase in demand for firearms and ammunition can largely be attributed to the political concerns of gun owners," says Novin. "That said, a strong secondary factor would be the economy itself. In tough economic times more people become concerned about security -- a compelling reason to purchase a firearm. Also, when income is an issue, more people take to the field. After all, hunting in the field, as opposed to a local grocery store, ensures safe, high-protein food at a much lower price."

Beyond the political and economic reasons behind the recent success of the firearms industry, Steffner says all of the company owners and most of the management are gun enthusiasts, involved in sporting clays to upland waterfowl hunting, "so the company's move into AR manufacturing was a good fit."

"Modern sporting rifles [like the AR-15] have become exceedingly popular with millions of Americans for hunting, home protection and participation in the shooting sports," says Novin. "These firearms are rugged, accurate and versatile and now commonplace throughout America. In fact," he says, "the first comprehensive survey to look at ownership and use of modern sporting rifles, conducted by the National Shooting Sports Foundation and the Responsive Management Company, revealed that 8.9 million Americans went target shooting with MSRs in 2009 and that participants using this type of rifle were the most active among all types of sport shooters."

According to Steffner, Anderson Manufacturing specializes in CNC turning, CNC milling, laser cutting, welding and fabrication, powder coating, and saw cutting. "We are very good at cutting metal and are able to design and develop metal parts, so being in the AR business proves to be a good use of our capabilities and makes it fun for the employees," says Steffner. "In fact, our employees who are veterans provide their input on what they would do in building a better AR."

Anderson describes the company's initial work in designing and manufacturing AR-15 parts: First, Anderson machines all its receivers out of 7075-T6 billet material--solid pieces of aluminum with twice the tensile strength as other aluminums. Then they engrave the upper and lower receivers with matching serial numbers (receivers are hand matched). The overall tolerances are extremely tight; according to Anderson, "No one builds a better matched receiver in the market place."

"We are used to designing and manufacturing products to plus or minus a couple thousandths in tolerances," says Steffner. "So we realized that we can make an AR that excels in the marketplace." Further, he says, since the AR parts are made from solid aluminum and not a forging, the metal's grain flow actually reduces the cost of production but increases performance.

Steffner says Anderson is in the development phases of creating AR-15s for the custom shops of the major firearm manufacturers and for the public. Currently the company has specifications for three AR-15 models, including a varmint rifle; all will be available in 2010.



"We're receiving a very positive response from the firearms manufacturers," he says. "I know we can compete with high-end ARs."

According to Steffner, designing and manufacturing its own line of ARs has required a significant learning curve but yielded some positive outcomes. For example, one design change called for repositioning the empty shell deflector for better machining and reflective purposes. Additionally, says Steffner, "To keep within tolerances, we developed a process for hard anodizing and anodize to MIL Spec 8625F." Anderson also puts serial numbers on the upper and the lower and will only sell them as a matched pair. Firearm manufacturers can purchase a complete matched set for \$325.00; dealers can purchase a complete matched set for \$400.00.

So far, says Steffner, Anderson has seen phenomenal success and seems to have the right combination of design features, quality, and price. "In seven months we've gone from zero dollars in sales to \$2.6M in receiver sales," he says. "We anticipate 100 percent growth from there." Steffner says Anderson's customer base has increased 50 percent over two months of production and the company is about to win a large contract to supply AR-15s to a foreign government. Other positive business results: hiring six new employees with a goal of adding 10 more and add-



ing five new machines to the operation. Moreover, company morale is up. "The employees are very excited!" says Steffner. "They're happy to be employed and we have two shifts working six days a week. We're paying overtime now due to the AR business. It's been a lifesaver."

For the immediate future, Steffner says Anderson Manufacturing is currently engineering its own AR trigger parts and soon will design and manufacture bolts, carriers, and firing pins. Beyond these, the company will consider producing forehand grips. "If at all possible we will manufacture our own parts; this will increase the quality," he says. Other quality initiatives include having a Blackwater-certified armorer on site to perform a function test on each weapon, firing up to 50 rounds per gun to ensure quality.

Anderson Manufacturing plans to produce fully automatic weapons to meet law enforcement and military demands as well as create AR parts with a metal treatment (RF85) that reduces friction by 85 percent, eliminating the need for a solid lubricant, a common source of fouling.

For Steffner and the Anderson Manufacturing owners, adding the design and manufacture of AR-15 parts to the company's other lines of business has been overwhelming in all the right ways, especially to the company's bottom line: Steffner anticipates the "gun side of the business" to make up 47 percent of the sales for 2010. More importantly, he says, "I don't know that we would be in business today if we had not started making AR-15 parts. For Anderson Manufacturing, this line of business is here to stay."

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