

# CLARKE GEAR COMPANY

*FROM HUMBLE BEGINNINGS, CLARKE GEAR HAS SPENT THE PAST 50 YEARS BUILDING ITS REPUTATION—AND ITS SUCCESS—ON PRECISION, RELIABILITY, AND A PASSION FOR MANUFACTURING.*

By Russ Willcutt

In many ways, it's a story worthy of a Hollywood screenplay: a young man—only a teenager at the time—learns the gear-manufacturing business alongside his father, then deciding to carry the legacy forward after his father's untimely death, even when various advisors were urging him to liquidate. A bit farther down the road he hires a financial advisor to help streamline the business, and she becomes so convinced of the company's potential that she ends up joining it, with their combined efforts resulting in building the premier precision-gear manufacturer to be found in southern California, serving the aerospace industry and many others.

But it's not just an interesting story: it's the history of Clarke Gear Co. which, for the past 50 years, has been located in North Hollywood. Even the way it was founded has an interesting twist,

according to Lee Mason, MBA, the company's vice president.

"In 1951 a Michigan-based company by the name of Dexter Machine Products decided they needed a West Coast presence, so they opened a small machine products company here in North Hollywood," she says. "A few years later, in 1954, they decided to sell the division because it hadn't quite lived up to their expectations. That's when Jack Clarke, who was the division's accountant, decided to buy it."

Renaming the company Clarke Engineering—which later evolved into Clarke Gear—he set out to build a reputation based on manufacturing precision gears. His son, Roger Clarke, was there from the start, and when his father died seven years later, in 1961, he was faced with a tough decision.

"Here was a young man in his mid-twenties, left with essentially no assets, a great deal of debt, a couple of old machines, and one loyal employee," says Mason. "But he decided to stick with it and made the personal decision to put his life's energy into the company, slowly building it to the point of being known as a precision gear manufacturer for aerospace-prime companies and performance products."

Over the years he began acquiring equipment to expand productivity, and one of those machines was a Fellows #7 with a special attachment that allowed him to produce face gears—a "serendipitous" purchase, according to Mason, since no one else in the area could tackle those jobs. "From the very beginning Roger has had a passion for manufacturing, and he took the view that each gear was a piece of art," she says. "So Clarke Gear became known as the company that could manufacture these high-precision face gears, which really worked to its advantage."

The next moment of serendipity occurred in the late eighties, when Clarke contacted a local financial consultant to help him improve and streamline the company's financial bottom line. That person was Lee Mason, who'd begun her career as a nursing administrator before earning an MBA in finance and becoming a stockbroker and financial consultant. As she immersed herself in the company's financial and operational structure, she found herself growing more and more convinced of its potential. "I think I started feeling energized in the same way that Roger had back in 1961," she says.

Mason joined the company in 1990, and her fresh perspective allowed her the freedom to ask some very basic questions. "Being a woman, and being new to the industry, I felt free to ask questions of everyone," she says. "I went to customers, suppliers, machine tool dealers, and I said 'what do we need to do to improve our service to you?' I quickly identified reliability and affordability as key issues, and the only way to achieve that was through improved technology and productivity, so I pursued a two-pronged approach: improve the equipment; and improve the employees."

The first step involved investing in the latest technology, which meant purchasing new CNC machines, of which Clarke Gear now

has 14. The second—"improving the employees"—involved education, which the company has made readily available to one and all.

"That can involve taking classes offered by SME, for example, but we also have our key production and management employees enrolled in the manufacturing engineering program at UCLA," says Mason. "And we're not just endorsing continuing education as a concept, we're also backing it up financially."

Interestingly, the company doesn't just send its employees to school, it accepts students in training as well. Through a program administered by the State of California, Clarke Gear is the only company of its kind in the state that is certified to offer "apprenticeships" resulting in a gear-manufacturing certificate.

With such forward-thinking initiatives in place, it's no surprise that the company's philosophy is reflected in its relationships with its customers. "We have a 99.5 percent quality and delivery rating with two of our aerospace customers, and a 100 percent rating with a performance parts customer," Mason says, adding that Clarke Gear also provides gears for racing cars, fishing reels, dental equipment, and even movie cameras, which require parts so precise that they make no sound on the set.

In order to continue this momentum, Clarke Gear has made another recent decision that comes as no surprise. By the end of the year it will have moved from its longtime manufacturing facility in North Hollywood just a few miles north to the high-tech Valencia Industrial Center, near Magic Mountain, where its plant floor will expand from 4,000 to 20,000 square feet of space.

"This will have a major impact on our productivity," says Mason, "because we will no longer have to transfer parts from pallets to carts to get them to the machines. We'll be able to take the pallets directly to our hobbing, shaping, grinding, finishing, and blanking cells, which will result in a quicker turnaround and faster delivery to our customers."

Mason says that smart suppliers model themselves after their customers, as Clarke Gear has done. Vertical integration—buying new equipment and internalizing certain processes—is employed when appropriate, and horizontal integration, which involves sourcing out activities like heat treating and plating, is accomplished through a rock-solid network of contractors. But the core philosophy of the business remains the same.

"Roger has always said that 'today's commitment is tomorrow's reputation,' so we are committed to our customers, our employees, to the integrity of our process, and to our suppliers," says Mason. "It made sense 50 years ago, and it still makes sense today—as it will 50 years from now, too."

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**As part of its "flat organizational chart"—in which every employee has equal input—Clarke Gear has created the following Partnership Motto:**

- **P** is for proactive, addressing problems before they occur
- **A** is for accurate, using state of the art measuring equipment
- **R** is for reliable, resulting in "gold supplier" designations for on-time delivery
- **T** is for technology: use only top technology to produce and inspect products
- **N** is for network, in which process suppliers must meet Clarke's exacting standards
- **E** is for education, which the company's employees are encouraged to pursue
- **R** is for responsive, since customer's needs must be addressed quickly and fully
- **S** is for service, which has been a commitment for the past 50 years
- **H** is for honesty, since ethics and professionalism come first at Clarke
- **I** is for innovation, and all employees are part of the problem-solving process
- **P** is for productive, with fully automated machines producing precision gears