



Local Laser Component Manufacturer Part of a \$2B Enterprise

By Clark Miller

Nearly a year ago, high-tech giant Coherent Inc. bought Traverse City laser component manufacturer Electro-Optics Technology.

It's more than just a name change. Becoming part of publicly traded Coherent gives Electro-Optics an international reach that translates locally into increased production, new hires and improved benefit packages.

One motivation for Coherent buying Electro-Optics was its clean room capacity, which is a vital tool in laser component manufacturing.

"Coherent has evolved with the technology," said General Manager Ben Nelson.

That seems like an understatement.

On the strength of rapidly expanding uses for laser technologies of all sorts, Coherent grew its annual revenues between 2004 and 2021 from \$400 million to \$2 billion. Along the way, the company honed its competitive edge by acquiring key, smaller operations in the U.S. and abroad. At this point, the corporation has more employees in Germany than in the U.S. In fact, Nelson worked in one of Coherent's German plants for two years.

The Traverse City plant supplies four industry sectors with laser components: materials processing (50% of annual sales), and medical and scientific uses (20% each). Defense applications (known in the trade as the directed energy market) currently account for just 10% of sales, but it is considered the fastest-growing market segment.

With increased production comes the need for a larger workforce. The plant here has expanded its employee numbers from 50 to 76, and Nelson plans to add a dozen or so jobs over the next six months. Another good sign is that local high schools and colleges are showing more interest in photonic training, leading him to consider adding internships.

It's true that not all acquisitions by large cor-

porations work smoothly, but Nelson says this is different because of a long-standing relationship.

"We knew a lot about Coherent going into this because they'd been a customer of Electro-Optics for more than 20 years," he said. "Coherent can offer employee stock discounts, improved retirement plans, healthcare options and salaries that are adjusted to market rates - all things a small company can't always afford."

That bolsters Nelson's ability to recruit and retain employees in today's competitive job market.

Benefit packages and wage issues aside, Nelson knows there are additional ways to motivate his team. One way is to explain where the products they make end up.

"They like knowing their work is important," he said.

He's got a lot of explaining to do, because few technologies have so many wildly different uses. To name just a few examples, lasers with Traverse City-made components are used in materials processing to cut iPhone screens, by doctors to help patients with cataracts, by scientists to measure CO₂ in the atmosphere, and in defense settings to shoot down drones. He said someday lasers will be capable of destroying rockets and aircraft.

Nelson also believes that in an industry requiring such a high degree of precision, two-way communication between management and frontline workers is essential.

"Our managers try to break down barriers," he said. "So we do lots of walk-throughs and always ask folks how we can make life better for them."

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