

# Peloton's decision to build a manufacturing plant near Toledo raises hopes for similar investments in Ohio

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The first Peloton showroom in Northeast Ohio is located at 311 Park Ave. at Pinecrest in Orange. The exercise bike and treadmill company picked Ohio over Georgia and North Carolina as the site of its first U.S.-based factory, a \$400 million facility scheduled to open in 2023. Ed Wittenberg, special to cleveland.com

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By [Peter Krouse, cleveland.com](#)

CLEVELAND, Ohio – Peloton's plan to build a \$400 million manufacturing plant near Toledo could be a harbinger of more good things to come for Ohio.

The fashionable fitness company chose the state over North Carolina and Georgia to make exercise bikes and treadmills, a move that will make the company less dependent on its Asian operations.

It's more evidence of a trend among businesses to make products in the United States and avoid the supply chain risks that have been exacerbated by the coronavirus pandemic.

And it's a trend Ohio hopes to capitalize on even more.

"The symbolism of Peloton choosing Ohio, it may sound trivial and trite, but these big consumer-branded organizations, when they choose a place it gets recognized," said Baiju Shah, president and CEO of the Greater Cleveland Partnership, the region's chamber of commerce.

In assessing Ohio's chances of adding to its manufacturing base, economic development officials point to the state's many attributes, including available land, close proximity to much of the country's population, good railroad access and a rich manufacturing heritage that should make it easy to establish local supply chains.

One problem that could trip up efforts, but is not unique to the state, is the difficulty many manufacturers have finding skilled workers. But a variety of efforts are underway to train workers, match them with employers and to promote advanced technology, such as 3-D printing, deemed critical to manufacturing's success, said Ethan Karp, president and CEO of MAGNET, short for the Manufacturing Advocacy and Growth Network.

Leading the charge at the state level is JobsOhio, the quasi-public economic development organization. Its current chairman, Bob Smith, a longtime civic leader in Cleveland circles, is bullish on the state's prospects for landing more companies the likes of Peloton.

"When it happens the next time, it won't be coincidence," Smith said.

Peloton's decision to build a plant in Ohio also does not surprise trade consultant Kim Kirkendall, who has helped many U.S. companies with their operations in China over the years.

A number of companies are looking to manufacture in the United States rather than rely solely on Asia and the growing uncertainties involved with global trade that include rising transportation costs and political turmoil, said Kirkendall, president of International Resource Development.

Over the past several months, Kirkendall has worked with Atlantic Tool & Die Co., a supplier of auto parts, to close its plant in China entirely and return some of its former output to Ohio, where the company has plants in Strongsville, Seville and Sharon Center, said Mike Biscardi, global sales manager for Atlantic.

The move added about 25 jobs to its Ohio operations, which counts Honda in Marysville as a major customer. Atlantic is looking to fill about 45 more positions, Biscardi said.

Atlantic, which first began producing in China nearly 13 years ago, decided to abandon its operations there for a variety of reasons, including former President Donald Trump's imposition of a 25% tariff on goods shipped from China - an action the company supported - and delays in getting product from there to here.

What took five to six weeks to get to Cleveland five or six years ago, now takes 15 to 16 weeks, Biscardi said.

So while it is still cheaper to make things in China, said Bill Koehler, CEO of Team NEO, a regional economic development arm of JobsOhio, when you factor in the additional costs of getting the products to the United States, it's not necessarily a savings.

The long delivery times mean companies must tie up their cash with excess inventory as customers are demanding quick service, especially in the age of Amazon, said Sanjay Singh, chairman of Mace Security International, a Cleveland firm that makes pepper spray and other personal protection products.

Singh said he is exploring the idea of developing a supply chain within a 100-mile radius of Cleveland that would allow his company to meet customer demand more efficiently.

"We have an on-time delivery requirement from our customers, especially since we've gone digital, he said.

And in the case of Erwin Wang, he has been importing high-temperature insulation materials from China for the past 20 years, but now he is planning to make the products at two plants in East Palestine, Ohio.

He chose the location to be close to customers, including steel mills and refineries, he said, and while he made his decision to shift production two years ago, the supply chain problems have been worsened by the pandemic "because we cannot get containers to ship material from China."

State Rep. Haraz Ghanbari, a Republican from Perrysburg, said he had known for three or four months that Peloton was looking at a site in Wood County, and he credits the "robust relationships" between elected officials, JobsOhio and local economic development folks with bringing the deal to fruition.

He also pointed to the logistical advantages of Wood County, which is already home to a solar-panel manufacturing plant, an Amazon fulfillment center and a Home Depot distribution facility.

"Wood County is at the crossroads of America," he said, with easy access to the Ohio Turnpike, Interstate 75 and the Toledo airport.

But Wood County's gain is also Ohio's gain, he said, because Peloton's decision to build a plant in Northwest Ohio "sends a message to the rest of the country that Ohio is open for business."

