

# BIELAT TOURS REX-CUT

## Candidate sees benefits of employee-owned program

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FALL RIVER — Touring Rex-Cut Abrasives on Friday morning, 4th Congressional District Republican candidate Sean Bielat learned about more than how the company makes grinding and finishing products.

Bielat came away from the hour-long tour with new knowledge about the company's successful transition to an employee-owned program as well as the benefits that have come with the effort. Company leaders detailed the benefits, such as not paying federal corporate taxes because the system is considered a retirement plan for employees. They also pointed out that companies using the employee stock ownership plan traditionally have 20 percent fewer layoffs during business downturns. The model also allows the company to offset some of the increased expenses they face by doing business in Massachusetts.

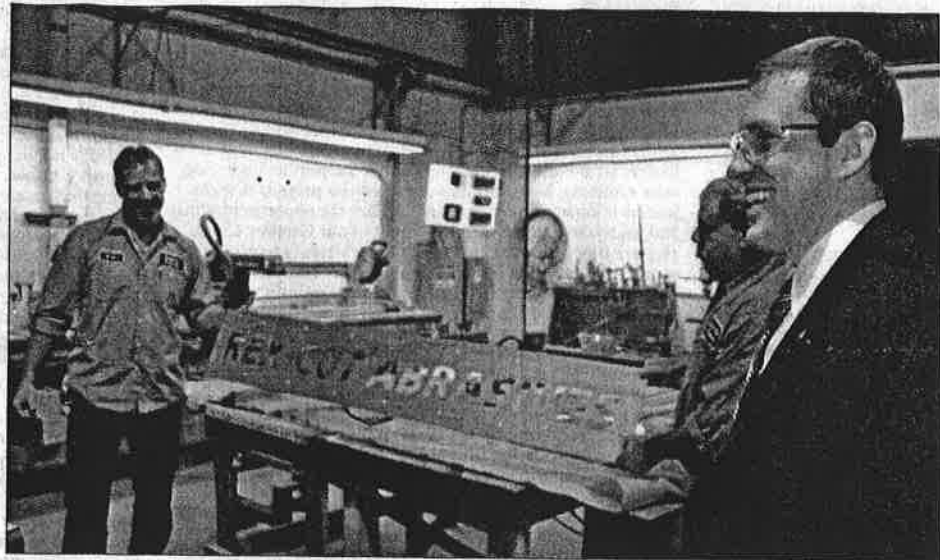
Vice President of Finance Bob Gauvin noted that delivery expenses would be 20 to 30 percent lower if the company operated in Ohio rather than the Bay State.

The greatest benefit, however, is likely the buy-in from employees who come to work every day.

"We have loyal, hardworking employees who come to work, work hard every day and leave with a good product being made," Gauvin said.

Bielat said the model, which is used in a minority of businesses, is one that has the potential to greatly benefit not just Rex-Cut, but the country.

"It makes a big difference," Bielat said. "You always hear about companies going offshore, but you don't get that with this kind of model. I



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ABOVE: Rick Sousa, left and Sal Duarte show 4th Congressional District candidate Sean Bielat a new light-up sign for Rex-Cut Abrasives.



LEFT: Rex-Cut Abrasives Vice President of Finance Bob Gauvin, left, shows Bielat how the company makes its products.

calling on him to continue supporting the current system.

Bielat also heard that the company's success has put them in the sights of economic development leaders in other states. Gauvin said he regularly gets calls from locations such as Alabama and Mississippi attempting to lure him. Gauvin said that, as an employee-owned company, Rex-Cut doesn't respond to the inquiries. But he noted it's a sign of how it is "hard to do business in Massachusetts."

"Maybe Massachusetts is doing something like that, but I doubt it," Bielat said referring to the cold-calling tactic. "We're just not building a climate conducive to growth."

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also like the lack of turnover."

Bielat also looked at the company as an example of how manufacturing can thrive in Massachusetts and the United States.

As the company has blossomed under the employment owned model that went into effect in 2008, Gauvin and Human Resource Director Maria Prado told Bielat of

their efforts to travel to Washington, D.C., to lobby local members of Congress to keep the tax structure where it currently stands after legislation was filed to make taxation a possibility.

They warned Bielat that if he is successful in his attempt to gain the 4th District seat against Democrat Joseph Kennedy III they will come