

BUSINESS

& YOUR MONEY

\$130M expansion, which almost didn't happen, has quartz-countertop firm back on track with growth, its CEO said, even with new competition arising.



'IT'S HARD BUT WE JUST HUSTLE'

Story by DEE DEPASS • Photos by RENÉE JONES SCHNEIDER • Star Tribune staff

Cambria's \$130 million quartz-countertop factory expansion roared to life this month — and with it, the family-owned company now has 1 million square feet of operations an hour south of Minneapolis in Le Sueur.

The plant addition, the third in 15 years, offers a sixth production line and 50 new jobs. Already, Cambria has added 130 jobs this year and now employs 1,900 workers nationwide.

But the Minnesota project almost didn't happen.

In 2018, a trade battle with China hobbled the plans. Then as Cambria was ready to move forward in 2020, COVID-19 hit.

Even now, expansion has its risks because the company has new competition in the U.S. that did not exist before the pandemic.

CEO Marty Davis in 2018 put a halt to any expansion by Cambria and filed a complaint with the U.S. Department of Commerce and International Trade Commission (ITC) that China was illegally dumping \$1.2 billion worth of underpriced quartz into the U.S. market.

"They were not only dumping but copying our patents, so our sales got flattened," Davis said.

See **CAMBRIA** on D2 ▶



EYEING GROWTH

At top, Alicia Rodriguez checked for levelness of quartz slabs at Cambria's Le Sueur, Minn., plant while CEO Marty Davis, above right, inspected production with Jon Grzeskowiak, executive VP of research and development and process operations.

Struggling to find this season's 'it' gift? So are retailers

As Black Friday nears, the field is wide open on what will grab consumers.

By NICOLE NORFLEET
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Every year for Black Friday, people rush to stores to buy the hot new gift. But this year, nobody seems to know what the "it" item is.

There isn't a new game system that just dropped. The latest smartphones came out months ago. Nothing stands

out on the toy scene.

What's more, people who weren't able to travel or eat at restaurants during the pandemic may not want to spend on gifts this holiday. Others simply don't want more stuff after filling their houses the last two years.

"Every Christmas season literally the wild card is the hit product," said George John, a marketing professor in the Carlson School of Management at the University of Minnesota. "Maybe it's the hit movie. Maybe it's the hit toy.

Maybe it's the hit video game. ...Something pops up and then everybody comes out to see it. They want to see other people in it. It creates its own wave if you will. I don't see it this year."

The uncertainty of what shoppers will gravitate to is

another challenge for retailers at a moment when high inflation is already leading some people to rein in their spending.

For Minneapolis-based Target, which had strong holidays the last two years as people

clamored for home items and electronics, this season is a big question mark. Executives last week forecast a rare sales decline this holiday period, citing a rapid pullback by consumers in October.

Without a firm sense of must-have items, the pressure is even higher for retailers to differentiate themselves with promotions for Black Friday, Small Business Saturday and Cyber Monday.

Ben Thompson, co-owner of the Scout apparel and gift shops in St. Paul and Edina, tries to

keep it simple as he and his husband and business partner, John Thompson, prepare for the holidays. This year they stocked up on jackets, fleece pullovers and "shackets" (shirt jackets) because outerwear was a popular seller last season.

"They might want to have something that's layerable, fashion forward when it's above zero," Thompson said of his Twin Cities customers.

For the first time this year, Thompson is planning a queer holiday market with several

"It gives retailers the flexibility to define gift-giving opportunities across multiple categories and adjust strategies ... accordingly."

Carol Spieckerman, president of Spieckerman Retail

See **BLACK FRIDAY** on D6 ▶

CAMBRIA ADDITION BOOSTS PRODUCTION

◀ **CAMBRIA** from D1

The U.S. investigated, ruled in Cambria's favor, and in 2019 and 2020 implemented trade tariffs up to 500% on quartz imports from China.

Five ITC commissioners issued an "affirmative determination" that giant government subsidies by China and others priced quartz imports so far below cost, that it "materially injured" U.S. quartz manufacturers like Cambria.

"We wouldn't have been building this plant if they had not straightened this out," he said.

With tariffs in place and the rash of imports finally slowing, Davis returned his attention to a growth plan in early 2020 — and the pandemic hit.

Construction plans halted again.

As COVID-19 spread across the country, Cambria furloughed about 60% of its employees, including many of the 750 workers in Le Sueur and Belle Plaine. Cambria's 30 distribution centers and showrooms shut for three months as Americans hunkered in their homes to avoid infection.

By 2021, the pandemic homebound turned to home improvement projects in droves. By 2021, Cambria was fully reopened and sales surged.

"Our business dropped in 2020, but grew in 2021 and 2022. There is no doubt that people looked inward to invest in their homes and cabins," Davis said.

Cambria started 23 years ago when the Davis family bought equipment from a bankrupt company that cut quartz into slabs and started importing some products from Italy.

That new direction for the family was perceived as risky. The Davises were known for supplying cheese and whey products to Kraft under their Davisco firm. Quartz was a very different business.

Davis, a University of Minnesota graduate, ran the Cambria quartz company while his brothers, Matt, Mitch and Jon, tended other parts of the family business, which for a spell included Sun Country Airlines. (They sold the airline in 2017).



Cambria CEO Marty Davis drove through the newly expanded factory floor at the plant in Le Sueur, Minn.

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After ups and downs, Cambria's quartz-slab sales grew. Today sales have increased 20% from four years ago and estimated to hit \$650 million this year. But fresh competition and trade issues are emerging.

Last year, U.S. Customs found Chinese firms again importing underpriced quartz materials into the United States, this time through Malaysia and mislabeled "crushed glass."

Separately, new competitors from Brazil, Israel, Spain, Korea and elsewhere are building \$800 million worth of new quartz-slab factories in the United States, a turf long dominated by Cambria.

At the same time, U.S. inflation is soaring at rates not seen in 40 years, forcing higher interest rates and making homeowners think twice about taking on debt to redo kitchens and bathrooms.

The expansion in Le Sueur

means Cambria took on debt, which it must start to repay. It needs 50 more workers now to run the new plant plus 100 more long term. Those hiring needs collide with one of worst labor shortages in U.S. history.

"Do we have some trouble [with labor shortages]? Sure," Davis said. "The biggest challenge is getting the high-level expertise in the finance areas and the legal areas and the HR areas. That is where the problem is. It's at the senior level. ... It's hard but we just hustle."

Josh Howard, a Twin Cities macroeconomist who studies labor market dynamics for the financial sector, said midsize manufacturers such as Cambria are facing "a unique and challenging time."

"Inflation is a big deal. Higher interest rates and wage growth are going to be around for a while," Howard said. "And Minnesota's unemployment rate is just 2 percent.

"Do we have some trouble [with labor shortages]? Sure. The biggest challenge is getting the high-level expertise in the finance areas and the legal areas and the HR areas. ... It's hard but we just hustle."

Marty Davis, Cambria CEO

That's the lowest level in the country. There just aren't that many bodies around" to fill the growth dreams of employers like Cambria, which hope to stay turbocharged for years to come.

All of this makes it "incredibly hard to plan for if you are a manufacturer," he said.

Along with the tight labor market, manufacturers relying on the housing sector for sales "are the most nervous right now," Howard said. "Recession is the big concern."

Some are preparing for any possible downturn by slashing expenses or slimming fixed costs by converting variable loans into fixed-rate loans to protect future cash flow, he said.

Davis said he is not put off by the current challenges.

A recent visit found Davis, operations manager Brian Scoggin and R&D head Jon Grzeskowiak darting past 1,000-pound bags of crushed quartz, gleaming hoppers and mixing vats, giant conveyors, rumbling presses, towering

ovens and slab-toting robots. Nearby, workers calibrated machines and tested "cookie dough" batches of quartz mixes headed into the new ovens.

As long as Cambria's troubles involve "free and fair trade," the company should prevail, even if the U.S. economy really slows, Davis said.

"Even during recessions, people still renovate their homes," he said.

Cambria should also benefit from the "shortage of housing" that is still driving construction. "In general there is growth in demand for new and expanded homes," Davis said.

Le Sueur Mayor Shawn Kirby isn't about to second-guess Cambria's strategy.

"It's a tough balancing act, but they are a very resourceful company," Kirby said. "I think they will work their way through these challenges. Over the last 20 years that business has just really taken off with more production and more employees, which is exciting" for Le Sueur, which only has 4,200 residents.

Davis, Scoggin and Grzeskowiak pointed toward the future.

Last year, Cambria bought a third quartz mine in Canada, assuring a steady flow of high-quality quartz.

In 2019, Cambria signed its first deal with Home Depot — and is now making 20 specially designed, private-label quartz countertops for the chain. Those designs are on top of the 250 Cambria makes for the high-end kitchen and bath market.

More countertop designs with different textures and veining are coming.

This month, the company test launched its first "super jumbo" quartz slab, which spans 76 square feet. Fabricators can cut one of them to make three countertops, Davis said.

Even with economic uncertainty, "I'm an optimist" that Cambria is on the right track, Davis said. "How could I not be an optimist? I started a quartz-countertop company from scratch."

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Did elitist philosophy deflect scrutiny of FTX's founder?

By NITASHA TIKU
Washington Post

When FTX founder Sam Bankman-Fried was a junior at MIT, he met William MacAskill, one of the founders of effective altruism, a philosophical movement that believes rationality is key to doing maximum good in the world.

For more than a decade, the EA community, as it's known, has attracted bright young students from elite colleges like Oxford and Stanford, encouraging them to take lucrative jobs in finance and tech so they can amass wealth and donate it to charities. EA's emphasis on measurable impact has attracted billionaire tech philanthropists like Facebook co-founder Dustin Moskovitz, who helped finance a tight-knit web of nonprofits and academic institutes to grow the movement even as its priorities shifted from helping the world's poor to combating more theoretical risks, such as the rise of a hostile advanced artificial intelligence.

Bankman-Fried made an

ideal recruit for MacAskill's "earning-to-give" pitch. Bankman-Fried had been raised as a utilitarian — a doctrine holding that the most ethical choice is the one that does the most good for the most people — and was interested in protesting factory farming. MacAskill, an Oxford philosophy professor, encouraged him instead to pursue a high-paying job in finance.

As Bankman-Fried sought higher risks and rewards in cryptocurrency, launching the quantitative trading firm Alameda Research, the EA community continued to play a central role. The first people he hired for Alameda were from EA. The first \$50 million in funding came from an EA connection. And, for a period of time, half of Alameda's profits allegedly went to EA-related charities, according to a profile of Bankman-Fried commissioned by the venture capital firm Sequoia Capital, a significant investor in Bankman-Fried's cryptocurrency exchange FTX.

Over the past two weeks, a bank run on FTX exposed

Bankman-Fried's alleged misuse of FTX customer funds to cover Alameda's debts, triggering a bankruptcy filing, investigations by the U.S. Securities and Exchange Commission and the Department of Justice, and a cascade of chaos in the \$850 billion crypto market. It also vaporized Bankman-Fried's personal wealth, estimated at \$15.6 billion, and is shining a spotlight on EA, an integral part of Bankman-Fried's origin story.

During Bankman-Fried's ascent, media portrayals invariably noted that the crypto wunderkind drove a Toyota Corolla and planned to give his billions away, even as he courted celebrities and Washington power brokers. Indeed, his proximity to EA's brand of self-sacrificing overthinkers often helped deflect the kind of scrutiny that might otherwise greet an executive who got rich quick from a secretive offshore scheme.

Now EA is at a crossroads. Money expected to fund the next phase of growth has evaporated, while questions have



ERIKA P. RODRIGUEZ • New York Times

The effective altruism movement helped Sam Bankman-Fried rise.

arisen about whether money already donated to speculative EA projects was unethically obtained. EA leaders also face questions about what they knew about the business dealings of a billionaire whose reputation they helped burnish.

"It's hard to imagine EA bouncing back from this easily," said philosopher Émile P. Torres, a critic of the movement. "My best guess... is that it might trigger some serious reorganizing of the community."

Born at Oxford, EA is a community of about 7,000 adherents — largely young, white men connected to elite schools in the United States and Britain, according to recent annual EA surveys. Prominent on college campuses, the ideology also has taken hold in fields like artificial intelligence, where it has reshaped industry norms. Before Bankman-Fried's empire unraveled, EA had access to an estimated \$46 billion in funding and was making a strategic push to influence global public policy.

On a podcast about the movement's inroads at the United Nations, MacAskill said he hoped to make his ideas for humanity's priorities "some-

thing that people in positions of power can take seriously."

EA adherents are "in journalism, they're in academia, they're in Big Tech, and they are coordinating around this idea of being value-aligned," said Carla Zoe Cremer, a Ph.D. student at Oxford and former research scholar with the Future of Humanity Institute. "The question is, what do they want to get done?"

An EA critic, Cremer said the movement has yet to figure that out. Instead, she said, it is taking the approach of amassing power and then figuring out what to do with it.

The name "effective altruism" was coined in 2011 as an umbrella term for disparate efforts, like the charity GiveWell, to more rigorously evaluate international aid and to encourage giving through nonprofits like Giving What We Can and 80,000 Hours.

On elite campuses, students might receive a free copy of books like MacAskill's "Doing Good Better" or Toby Ord's "The Precipice." They might be invited to lectures, to study at the university's EA co-working space, to set up free career counseling with 80,000 Hours,

to attend a coaching startup co-founded by MacAskill, or to get funding to pursue "longtermist" research with EA Grants. There are EA workplace groups for employees at Microsoft, Palantir and Amazon and even a group devoted to writing Wikipedia articles about EA.

When the movement's focus changed, Cremer said, the community put increasing emphasis on what it calls being "value-aligned," an ill-defined concept that has been used to define in-group status.

Some characteristics of Bankman-Fried's businesses reflect EA habits that stem from an innate trust of the group, like prizing EA-alignment over technical expertise and a certain comfort with conflicts of interest.

Bankman-Fried had pledged to donate his billions to EA causes — specifically to the existential risks that have become the movement's focus.

Among the beneficiaries of his philanthropy were a clutch of Democratic congressional candidates; he was a top party donor in the midterms, spending nearly \$36 million, according to Open Secrets. The bulk of it, \$27 million, went through Protect Our Future PAC, which supported candidates who prioritize preventing pandemics.

Many of the Future Fund's grants went to growing the movement. But the largest amounts went to the Centre for Effective Altruism and Longview Philanthropy, where MacAskill and Beckstead are advisers.

Then the money stopped. FTX's sudden demise came two years after legal troubles befell another crypto billionaire who had pledged funds to the cause: BitMEX's Ben Delo, who was sentenced in June to 30 months' probation for flouting anti-money-laundering statutes.

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