

Governor's Best Practices in Workforce & Economic Development Award Nomination Application

Nominated Project Title: HEATHTECNA AEROSPACE PRE-EMPLOYMENT TRAINING

Project Lead Name: Gary Smith & Sally Harris

Phone numbers: 360.676.3241 or 206.276.0059

E-mail: gsmith@nwisd.bellingham.wa.us and sally.harris@commerce.wa.gov

Summary of nominated project (No more than two sentences.):

This public/private collaborative project delivered an innovative and successful pre-employment training program with WIA Governor's 10% funds providing the public job creation investment. Outcomes include 400 new local aerospace industry jobs, an 85% pass rate, and an industry benchmark 67% retention rate, which all combined to allow HeathTecna to increase its production volume, implement LEAN manufacturing processes and achieve a robust expansion of global sales and exports.

Region and/or communities benefitting from project: Northwest Workforce Development Area

When (month and year) did nominated project launch: May 2010

Has the project/activity operated continuously since then: Yes

If not, explain:

Start-up costs: n/a

Most recent annual budget: \$95,000 + employer match

List your major funding sources, including tax credits or incentives, grants, and other private sector support:

Governor's WIA 10% discretionary grant, Commissioner Approved Training, HeathTecna in-kind match.

Describe the purpose (need) and the unique approach taken by the nominated project to satisfy the stated need (450 words or less)

HeathTecna supplies interiors for passenger aircraft, serving airlines, lessors, and aircraft OEMs from its headquarters in Bellingham. HeathTecna has engineered, built, and certified interior components for 6,000 aircraft around the globe. Over 30% of 100+ seat aircraft have HeathTecna interiors. Ready to capitalize upon new lucrative contracts, HeathTecna needed assistance to train a workforce ready and able to work in its newly reengineered production environment.

The workforce training program expanded production capacity, assisted in creating over 400 new jobs, brought new export business to Whatcom County, and established a strong foundation for future growth.

THE CHALLENGE: New aerospace contracts required rapid expansion of the workforce with knowledge and skills in composites and LEAN manufacturing. HeathTecna sought assistance from the workforce system to recruit and train nearly 400 new workers. The company required an agile response from a broad coalition of public workforce and economic development agencies to produce new aerospace jobs. After HeathTecna shared their need with the Northwest Economic Council and Department of Commerce staff, the Northwest Workforce Council stepped up to help coordinate and execute the complex workforce aspects of the project.

THE SOLUTION: A collaborative partnership was formed to include HeathTecna, Northwest Workforce

Council, State Dept. of Commerce, Northwest Economic Council, Impact Washington, Bellingham Waterfront Innovation Partnership Zone, WorkSource Whatcom Career Center, Employment Security Department, Bellingham Technical College, and two private staffing agencies. A system to recruit, screen, test, train, hire, and support was designed and implemented. Workforce Investment Act funding (\$95,000) was secured for the two week pre-employment training. Laid off workers receiving unemployment were able to attend the training without loss of their UI benefits. A series of two week pre-employment classes included basic math, mechanical skills, composites overview, measurement, and essential manufacturing skills. Second week training covered hands-on and in-depth composite skills, quality management systems, safety, industrial hygiene and LEAN principles and practice. A second phase of training is focused on incumbent workers' skills in project management, state of the art computer skills (CATIA V), and LEAN process.

THE OUTCOME: Through its relationship with the workforce and economic development systems, HeathTecna hired 400+ new workers trained to meet production needs and support its LEAN operating environment. 84% of trainees graduated to employment, reflecting a highly successful recruitment and screening process. Floor supervisors report satisfaction with the new workers' readiness to be productive contributors in the manufacturing environment. And a 67% retention rate for new production workers far exceeds industry norms of around 40%. With increased production capacity, HeathTecna shipped 24% of annual sales in December 2010 alone. HeathTecna's CEO and President estimates \$40 million in export activity will be related to the WIA training investment when calculating deliveries from June 2010 through December 2011.

Describe how the nominated project incorporates both workforce and economic development practices and provides a benefit to workers and employers.

Commerce Trade staff participated in the original meeting with Richard Ballantyne, Bob Ihenfeldt and Gary Chris in late 2009 to offer services and build connections to agencies to assure the ongoing health of the company. Commerce found HeathTecna's sophisticated export program had driven sales to the point that finding enough workers to produce orders was going to be an issue. Conversations were begun with Impact Washington, Northwest Workforce Council, and Northwest Economic Council to plan a collaborative workforce development/economic development strategic approach.

To secure new business, HeathTecna needed to gain workers and maintain cost savings. HeathTecna desired an efficient hiring process from which they envisioned choosing from pre-screened and pre-trained workers. While developing the recruitment and training program, the project team heeded the advice of Impact Washington to design with a Kaizen approach, focusing on continuous improvement of processes in a way that humanizes the workplace while eliminating wasteful efforts. In this way, the project's approach echoed the very competencies HeathTecna sought to build in its workers. WorkSource Whatcom, Manpower and Kelly Services recruited, screened, and referred potential job applicants to the training. ESD provided Commissioner Approved Training to UI recipients, releasing them from job search requirements during the training. WorkSource enrolled participants and case-managed them through to their hiring. Applicants who passed the training moved into temporary hire status with one of the staffing agencies and after 90 days into employment with HeathTecna, including a raise and benefits. While employee turnover is well below industry standard with the advent of this program, WorkSource can and does provide assistance to those employees who choose to advance their careers in aerospace or advanced manufacturing with a different employer, thereby creating a new opportunity for someone else at HeathTecna. This project helped accelerate opportunities for HeathTecna's growth while providing job skills and jobs for unemployed local production and engineering workers.

Commerce arranged a press opportunity between the Governor and HeathTecna to announce new contracts with Austrian Airlines and South Korean Airlines at the Paris Air Show in June 2011. HeathTecna continues to secure additional international contracts, recently from Qantas, Delta and China Air. As a result of the WIA trained employees, HeathTecna has been able to solidify sales to 2013 and is now selling into 2014. This single pre-employment training project will accelerate \$40 million in new exports, aiding the Department of Commerce in attaining 7% of its Governor's Export Initiative goal.

Will the nominated project continue into the future? Yes

If yes, how will it be funded and sustained.

With new contracts in hand, HeathTecna increased deliveries by 55% between January 2010 and December 2011. Fourth quarter deliveries alone nearly doubled, due in part, to the productivity of WIA trained workers. Booked and scheduled contracts in 2012 represent a 30% increase over 2011. HeathTecna clearly needed to continue to invest in its workers' skills.

A smaller request for \$58,000 of Governors 10% discretionary WIA funds was approved in May 2011 to the Northwest Workforce Council. This award represents the first approved request of the \$1.8 million of WIA 10% funds allocated to the Department of Commerce for distribution to aerospace projects. This funding assures the continuation of the successful pre-employment training program for an anticipated 150 additional new aerospace workers.

Through Impact Washington's collaboration with HeathTecna and Bellingham Technical College, a \$168,000 Job Skills Program grant was secured for LEAN technology, CATIA design software and engineering process software incumbent worker training, allowing existing workers to move up in the organization and to build workplace skills now deemed essential for the company's continued competitive edge and ongoing prosperity.

A Governor's Manufacturing Roundtable held at HeathTecna in June 2010 coincided with the first pre-employment trainees' graduation. Eight local manufacturers met with the Governor, Commerce, Impact Washington and workforce representatives to discuss business needs and plant the seeds for a local manufacturing network.

The partners in this project, while having worked together on others, realized a stronger alignment with one other as a result of this complex undertaking. The ability of the disparate entities to form a project team laser-focused upon the needs of the local employer, to work through inevitable turf issues, solve seemingly insurmountable challenges with local solutions, and come out the other end with an astoundingly successful set of outcomes helps us build upon each other's strengths and move into successive ventures with the knowledge of what we can do together. The respect, trust and confidence we developed in each other's contributions makes it nearly inconceivable we will not draw upon those strengths and relationships when opportunity arises again.

In an attachment, demonstrate how this project/activity has made a quantifiable difference to the economic health of working people and employers. (Tables and graphs based on verifiable numbers. Words should be used only to support the data and should be kept to a minimum) Check when done.

See attached

A short concluding statement on why you believe this project/activity is noteworthy or unique and should serve as a best practice model. (100 words or less)

The number of engaged and committed partner organizations and programs it took to make a success of the HeathTecna project is striking in and of itself. Additionally, to undertake such a complex project, while mirroring the company's commitment to Kaizen and LEAN principles, took an extraordinary level of commitment from all involved. HeathTecna's ability to win contracts, increase exports, and hire local workers is directly attributable to the success of this project. Without a workforce skilled, ready and willing to embrace the LEAN production environment HeathTecna has instituted, the company would have been unable to achieve the outcomes it attained.

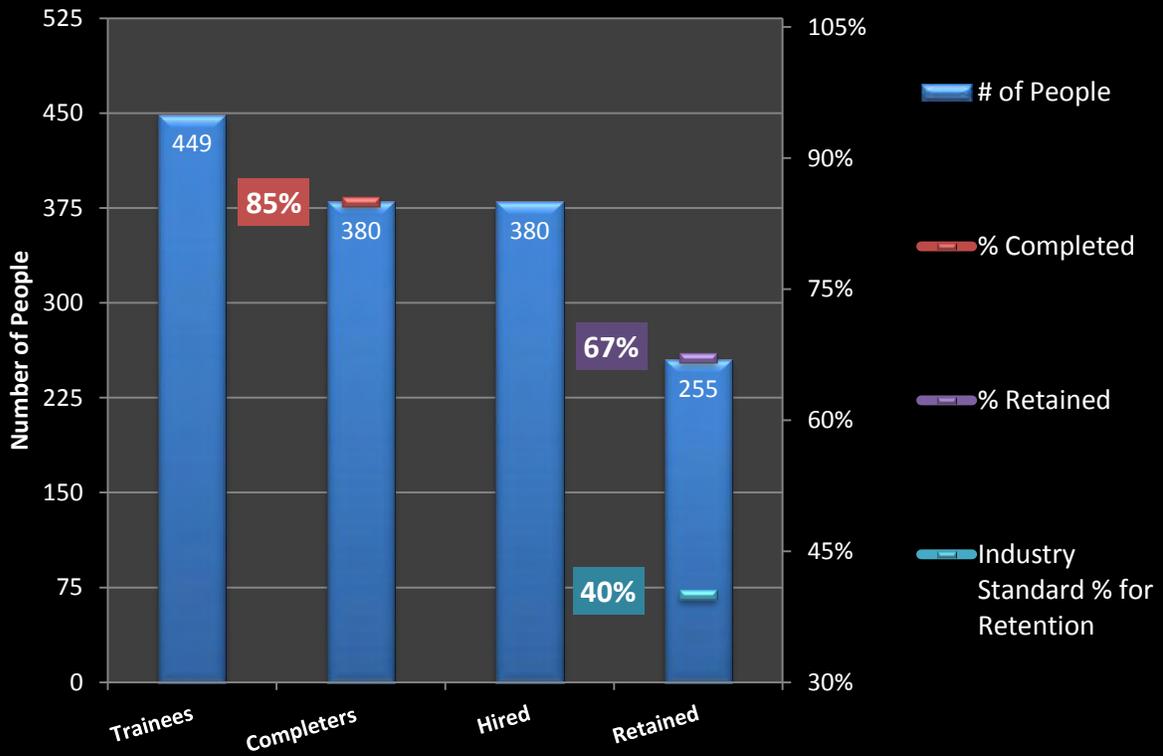
Program or Project's website or webpage: n/a

List the leading individual(s) or organization(s) that should receive special recognition for their role in the project or activity. Please provide name, title, role, address and phone number.

- **Laura Henderson**, Human Resource Manager, HeathTecna 3225 Woburn St, Bellingham, WA 98226, 360.738.2005 x 3994
- **Bob Uptagrafft**, Project Manager, Impact Washington, 8227 44th Ave W, Ste D, Mukilteo, WA 98275, 425.327.5545
- **Sally Harris**, Regional Manager, WA Dept. of Commerce, 2001 6th Ave, Ste 2600, Seattle, WA 98121, 206.276.0059
- **Kim Loveall-Price**, Interim Director/COO, Northwest Economic Council, P.O. Box 2803, Bellingham, WA 98227 360.676.4255
- **John Michner**, Programs Manager, Northwest Economic Council, P.O. Box 2803, Bellingham, WA 98227 360.676.4255
- **Alex Kosmides**, Deputy Director, Northwest Workforce Council, PO Box 2009, Bellingham, WA 98227-2009, 360.676.3207
- **Gary Smith**, Regional Manager. Northwest Workforce Council, PO Box 2009, Bellingham, WA 98227-2009, 360.676.3241
- **Kori Olsen**, WorkSource Coordinator, Northwest Workforce Council, PO Box 2009, Bellingham, WA 98227-2009, 360.676.3216
- **Rob Costello**, Dean of Professional Technical Education Trades and Technology, Bellingham Technical College, 3028 Lindbergh Ave., Bellingham, WA 98225 360-752-8317
- **CJ Seitz**, Area Director, Employment Security Department, 101 Prospect St, Bellingham, WA 98225, 360.676.3204
- **Dale Sprague Jr.**, Branch Manager, Manpower 216 W. Champion St, Bellingham, WA 98225, 360.671.1977
- **Kiera Berghof**, District Manager, Kelly Services, 2211 Rimland Dr., Ste 208, Bellingham, WA 98226, 360.647.2207

Heath Tecna Aerospace Pre-Employment Training Project

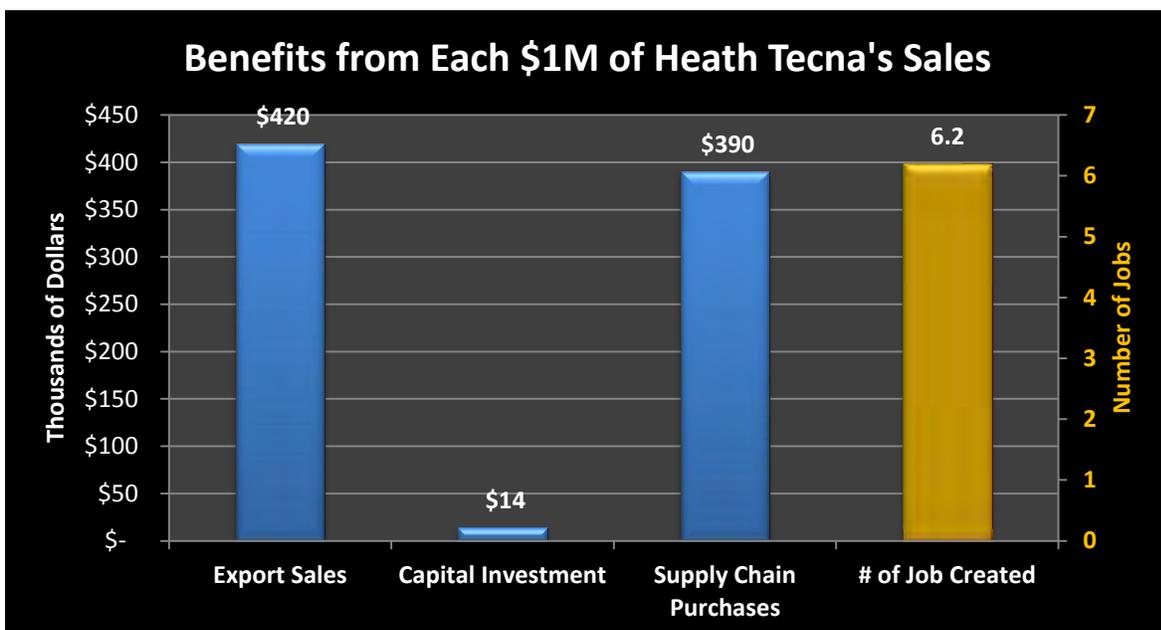
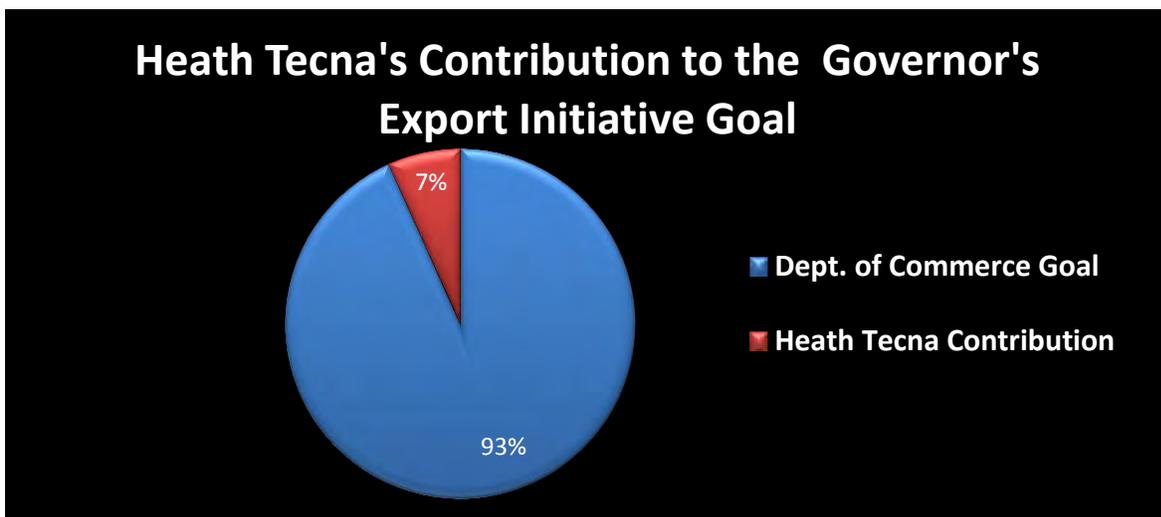
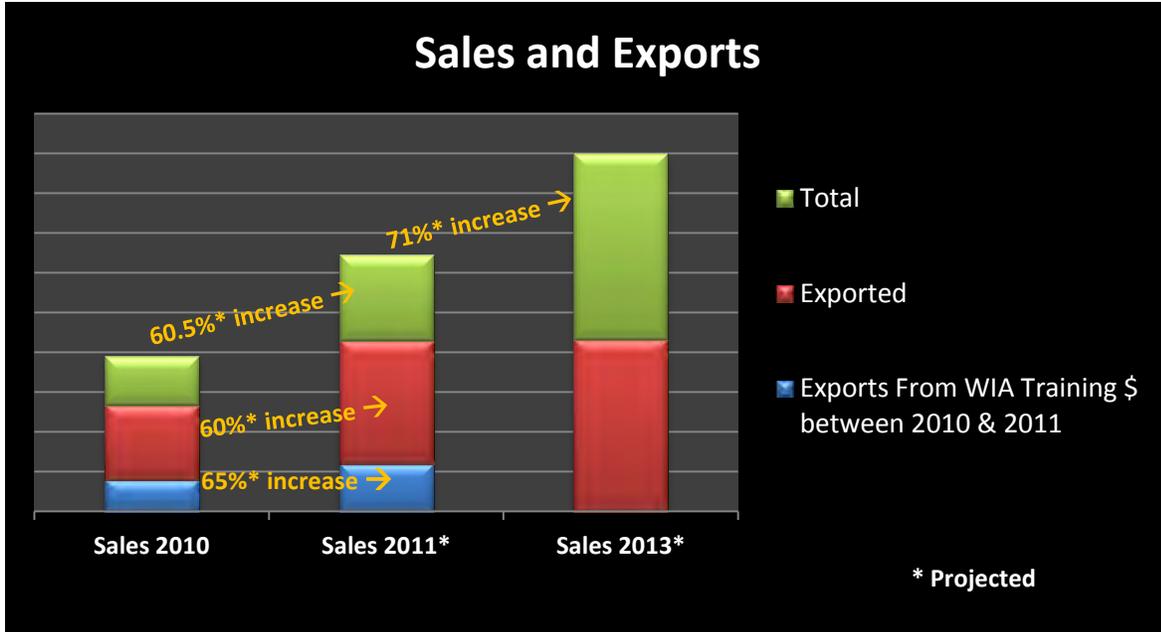
Workforce Development Impacts



Newly Created & Replacement Jobs



Heath Tecna Aerospace Pre-Employment Training Project



CASE STUDY:

Workforce Investment Act



A Model for Success with

HEATH TECNA AIRCRAFT INTERIOR SOLUTIONS

A JOINT PROJECT BY
The Northwest Economic Council
Washington State Department of Commerce
Impact Washington
Northwest Workforce Council

JUNE 2011



LEVERAGING SUCCESS

How Workforce Investment dollars and community partnerships jump started the pathway for long-term local economic growth

With the economic outlook of 2009, the necessity of promoting business retention and expansion in Whatcom County flew to the forefront of the Northwest Economic Council's (NWECC) radar.

As the Associate Development Organization (ADO) for the County, NWECC rose to the challenge when they met with Heath Tecna, a local aerospace company, and learned there was a need for workforce training. By convening strategic partners, a targeted training program was successfully developed. That program has assisted in the creation of more than 400 jobs and supported the acquisition of new contracts, bringing \$40 million dollars in new export business to Whatcom County and establishing a foundation for future growth.

In the interest of regional economic development, NWECC maintains a network of partnerships in order to leverage existing resources on behalf of regional companies. Impact Washington and the Washington Department of Commerce stepped to the forefront of

this network in early 2010. At the behest of Sally Harris, Regional Business Development Manager for the State of Washington Department of Commerce, NWECC initiated the discussion with Heath Tecna. With this lead, and the foresight to merge these common interests; the NWECC began facilitating the process which would ultimately lead to the workforce training program at Heath Tecna.

Due to the poor economic climate of 2009, Heath Tecna was forced to lay off workers. However, the demands of upcoming contracts meant that soon after letting staff go, they would need to start hiring again. Heath Tecna is one of the foremost suppliers of interior products for the passenger aircraft industry, serving airlines, lessors, and aircraft OEMs from its headquarters in Bellingham, Washington.



Since the early 1950s, Heath Tecna has engineered, built, and certified interior components for more than 6,000 aircraft around the globe. Today, more than 30% of all operating aircraft with more than 100-passenger seats have Heath Tecna interior components installed. In addition, Heath Tecna is recognized as a leader in the field of aircraft interior integration by providing engineering and certification services to configure new aircraft, or reconfigure existing aircraft, with next generation products and systems. When NWECC approached Richard Ballantyne, President and CEO, they learned that Heath Tecna would be beginning work on a number of new contracts in the latter half of 2010.

With this in mind, Heath Tecna needed to both gain workers and maintain the cost savings they had achieved with layoffs. An efficient hiring process from which they could choose pre-screened and pre-trained workers was desired. This challenge demanded the resources NWECC could and would efficiently gather from its network.

Regional economic development partners got to work, including the Northwest Workforce Council (NWC), Bellingham Waterfront Innovation Zone (IPZ), WorkSource Whatcom, Employment Security Department (ESD), and Bellingham Technical College (BTC). In the context of this collaboration, the idea of a pre-employment training program emerged to bring a supply of potential hires up to speed on Heath Tecna's technical needs. With a letter of

support from Congressman Rick Larsen's office, Northwest Workforce Council obtained nearly \$95,000 in federal Workforce Investment Act (WIA) dollars, allocated at the Governor's discretion for workforce development activities to aid in such a training program. With WIA funding secured, NWC subcontracted with BTC, who worked with Heath Tecna to develop the two week curriculum.

During the course of developing the training program, the team heeded the council of Bob Uptagrafft of Impact Washington to design the program based on the Kaizen approach. The Kaizen approach focuses upon continuous improvement of processes in manufacturing, engineering, and management in a way that humanizes

Since the early 1950s, Heath Tecna has engineered, built, and certified interior components for more than 6,000 aircraft around the globe.

the workplace while at the same time eliminating wasteful efforts. At its core, the approach echoes the very desire Heath Tecna sought from the beginning with efficiency as a priority.

Trainings began in June of 2010. Local Employment Security Department representatives

During the initial training, 380 of 449 students passed testing and were eligible to move into temporary hiring status and 250 were retained through the entire process

worked with the Unemployment Insurance Division to request short term approval for Commissioner Approved Training (CAT) for Unemployment Insurance (UI) recipients involved in Heath Tecna training. By participating in CAT, UI recipients were temporarily relieved of job search requirements so they could attend short term, full time specialized training without putting their UI benefits in jeopardy.

WorkSource and two local staffing agencies were brought in to screen potential job applicants. WorkSource enrolled participants and case managed them through to their hiring. After two weeks of training, applicants who passed a test moved into temporary hire status with one of the staffing agencies. The project helped to accelerate opportunities for Heath Tecna's growth while providing job skills and employment for unemployed residents in Whatcom County.

During the initial training, 380 of 449 (85%) students passed testing and were eligible to move into temporary hiring status and 255 retained their positions. This 67% retention rate far exceeds industry standard and is nearly double the outcome result Heath Tecna anticipated.

With an efficient training program in place, Heath Tecna was able to meet their 2010 contractual obligations. But more importantly, the success of the program created even more opportunity. Fully equipped now, Heath Tecna continues to secure additional international contracts.

Airplane interior retrofit contracts were brought to the state through Heath Tecna for Qantas Airways, Delta Airlines and China Air. Qantas Airways specifically selected Heath Tecna to upgrade and reconfigure nine Boeing 747-400 cabin interiors as part of the airline's plans to meet the changing requirements of international customers. Furthermore, Heath Tecna has started to sell work out to the year 2014.

With the new contracts, Heath Tecna needed incumbent worker training in order to allow existing workers to move up in the organization. Bellingham Technical College with the input from Impact Washington wrote, secured and managed an additional \$180,000 in Job Skills Program training funds for LEAN technology, CATIA design software and engineering process software training in the coming months.

Strong community collaborations, coupled with NWECC's focus on promoting business retention and expansion at Heath Tecna, has increased jobs in the state. At the end of May 2011, it is estimated Heath Tecna will have hired 400+ employees and maintained retention rates well above industry norms. ■

FOR MORE INFORMATION
ABOUT NWECC'S PROGRAMS

VISIT US ONLINE AT
NWECCON.org



Credits

Photos provided by Heath Tecna

Prepared by Cole MediaWorks

Special thanks to:

Sally Harris, Washington State Department of Commerce

Bob Uptagrafft, Impact Washington

Gary Smith, Northwest Workforce Council

Kim Loveall Price, Northwest Economic Council

John Michener, Northwest Economic Council

Matt Cole, Cole MediaWorks

Shannon Roark, Cole MediaWorks

ABOUT THE NORTHWEST ECONOMIC COUNCIL

The Northwest Economic Council is the designated Associate Development Organization (ADO) for Whatcom County. NWECC is a private non-profit that provides economic development services for the region, supports local business retention and expansion, serves as the point of contact for relocating businesses and develops long-term economic strategies. Please see nwecon.org for more information about the organization. For more information visit nwecon.org.

ABOUT HEATH TECNA

Heath Tecna is recognized as a leader in the field of aircraft interior integration. The company provides engineering and certification services to configure new aircraft, or reconfigure existing aircraft, with next generation products and systems. Heath Tecna has been manufacturing aircraft interiors steadily since the 1950s and have serviced more than 6,000 around the globe. For more information visit heath.com.

ABOUT IMPACT WASHINGTON

Impact Washington is a not-for-profit organization that helps Washington manufacturers and manufacturing compete globally. The organization helps various entities thrive through expert consulting, training programs, educational and industry events and resources that will increase profits, develop a stable workforce and spur business growth. For more information visit impactwashington.org.

ABOUT THE WASHINGTON STATE DEPARTMENT OF COMMERCE

The Washington State Department of Commerce is the lead state agency charged with enhancing and promoting sustainable community and economic vitality in Washington. We administer a diverse portfolio of more than 100 programs and several boards and commissions, all focused on achieving one clear and simple mission: to grow and improve jobs in Washington. For more information visit commerce.wa.gov.

ABOUT THE NORTHWEST WORKFORCE COUNCIL

The Council is dedicated to addressing the full spectrum of workforce needs through an outcome and customer based model that addresses the needs of both employers and job seekers. We envision that a cohesive workforce strategy created through the common goals of business, education, labor, and community organizations will yield strong economic outcomes and an adaptable and skilled workforce.