

Finding Qualified Workers

Westfield Steel Shares Familiar Story

By Tom Schuman

For many in similar positions, trying to most effectively manage and grow their business, what follows won't be surprising. For others – including educators, economic development and community officials – it will be another warning sign of quite possibly the biggest challenge to the state's economic future.

Westfield Steel is a full-line steel service center, with its primary processing facility in the Hamilton County city that is part of the company name and a second location in Terre Haute. The family-owned business started in 1977. CFO Fritz Prine, whose father Fred was one of the original partners and remains president, came on board in July 2007 after 16 years of outside business experience.

“Carrying the very broad product offering related to steel has always been there,” Prine relates in discussing the company. “The change has been to carry less and focus in on the things that move faster and are more profitable; basic business, focus on the things that turn to free up the cash flow.”

Prine wants to grow the business. A potential acquisition in the fall of 2008 was in the due diligence stage when the recession put that effort on hold. The struggling economy ruled for the next year-plus with “Staying Afloat” the title of the company's first blog post in late 2009. The biggest challenge since then is not a new one. But that doesn't diminish its critical importance.

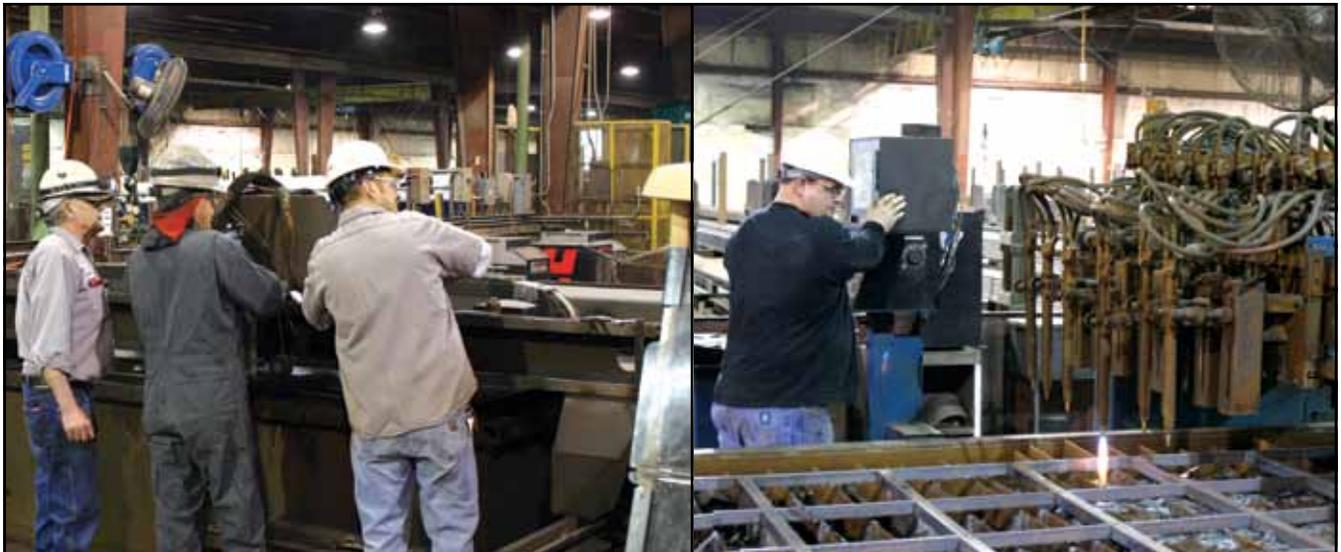
Prine notes, “It's easy to say, oh well, we're not doing well because of the recession, instead of we're not doing well because the world changed. Labor issues are essentially the same as they've always been ... it's difficult to find enough of a skilled workforce. Because of this recession, we're going through a rougher time.”

Company profile

Westfield Steel had approximately 140 employees at one point. Of the 101 involved today, approximately 65 are part of the three manufacturing shifts at the Westfield location. The average age of the workforce is nearly 43, with a range from 19 to 71. Although there is a core of employees with 25-plus years of experience, the average tenure is less than seven years. Turnover ranged from 5.5% to 12.7% in the first three months of this year.

Prine and others – including plant manager Ralph Mills and human resources manager Abby Olson – would like to see that number of manufacturing team members grow. Among the reasons that isn't taking place:

Manufacturing and moving steel – of all shapes, sizes and styles – is the name of the game at Westfield Steel.



- “A lot of times just completing the application is one of the barriers,” admits Olson, who eliminates about 75% of those who apply before passing on a limited “remotely qualified” number to Mills.
- Drug testing and background checks are parts of the process that also force out some who pass the initial stages.
- A pair of people scheduled for interviews failed to show up in a recent week.

“Qualified experience” is one of the additional attributes upon which applicants are judged. But even that definition has been dramatically weakened.

Prine says, “It used to be, ‘Do you have prior material handling experience. If it wasn’t in steel, was it in lumber or building products. Did you use a forklift or crane?’ Now, we look at maybe you haven’t had that type of job, but you’re 20 years old and you work hard. You don’t have bad habits; maybe we can teach you how to be a good employee.”

A recent hire came from the restaurant industry. He was a semester away from earning a college degree, however, holding various jobs to pay his way through school. That was enough to demonstrate a strong work ethic.

Another common obstacle is that many in the group going through the application process are simply doing so to be able to keep their unemployment benefits. Some straightforward clues include:

- Those applying to be a truck driver who don’t have a driver’s license at all.
- Over the road drivers who might have the license, but aren’t willing to travel overnight.
- Applications with a name but no phone number or other way to reach them. “If we wanted to hire (or talk to) them, we couldn’t contact them,” Mills offers.

Prine sums it up. “So many of the applications we get are people just trying to say, ‘See, unemployment, I did try to get that job this week,’ but they’re not serious.”

Burning them up

One of the more advanced manufacturing floor positions at Westfield Steel is to be the operator of one of three plate burning machines. These are \$250,000 pieces of equipment that provide a precise, laser-like quality cut to a piece of steel. Prine says there are only so many of those machines in Central Indiana and a company is not going to let an experienced operator get away.

Westfield Steel was impacted by the decision of an 18-year veteran who moved to Ohio to be closer to his grandchildren.

“We lost 18 years of knowledge just like that,” Prine laments. “It’s very difficult to replace that. We’ve had a couple of people since then in the burn department, trying to find the right fit. The last two didn’t make it; one was an attendance, quality issue.”

The goal is to have a natural transition process in place, Mills explains.

“We typically hire in fabrication. We’re teaching the basic skills of welding. They’re measuring, material handling, reading blueprints. We’ll teach those skills as we go along.

“It’s the same thing on the burning machines,” he continues.



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– Fritz Prine

“The burn helper looks at the jobs coming up, and goes to get the correct size and grade of steel. We’ve found that’s about 30% of the knowledge required for the burn tables – locate, find, safely handle the plate. Next time a position for a burn operator comes up, we’ve got about 30% of the training done.

But the process can’t play out if workers cannot be found for the initial tasks. “We just want people to show up and do an honest day’s work,” Prine contends.

Adding up the impact

The question of the day: How much does the lack of qualified workers cost the company? The answer: It’s difficult to tally up the total price tag.

Prine puts the overtime figure – “over the past five or six months when we could not find people to do the job and had to work overtime, in some cases mandatory overtime” – at \$80,000.

He adds, “Abby is recruiting much more than she ever thought she would, which means she can’t do the other projects that are on her plate. We’re trying to grow our trucking company, but we can’t because we can’t find new drivers. It’s easier to get a new tractor trailer combo than find a driver willing to drive.”

The opportunity costs, he claims, are much harder to assess. Project bids can only reflect the reality of the resources you have to complete the work on a timely basis.

“You never know what you lost out on – you can’t go back and ask the customer how much business did I just lose – until the customer goes away. When a customer stops calling, that’s when you know you’ve ruined a relationship.”

He describes the ultimate business mix. “You have to balance material usage with labor usage with when the customer wants it. Guess which wins.”

Keeping the faith

To their credit, the Westfield team expresses that it can’t let frustration sink in.

“Frustrated is not the right word for me,” Prine shares. “I



Westfield Steel utilizes three shifts to maximize operations, but growth is limited by a lack of qualified workers.

don't get frustrated about things. I'm only 42 years old; these same issues have been around for 100 years. There's no sense in getting overwrought about it."

Mills agrees that the general work process has not changed, but cultural differences are quite prevalent.

"A lot of it is culture. If you go and interview high school students, which would be our prime group we would try to recruit, none of them have their life goal of working in a factory because they've heard factories are dirty, they're dangerous, it's dull, it's boring, all that stuff – which is not true," he points out. We're all fishing for people out of the same pond; we all have these issues. I've always said, no matter what industry I've been in, we can teach you the specific skill sets. I can't teach you motivation or work ethic.

"You can't afford to let yourself get frustrated. This is what I have to do, and I just have to work harder at it. Maybe it's career day at schools. Maybe we ought to try that or something. They're good paying jobs."

But not as high paying as some positions that no longer exist – and won't be returning.

"There are one-fifth as many union jobs. A lot of our applicants at the start of the recession came from the automotive field," Prine notes, "and they didn't want to do our jobs because they were too hard; and they didn't want to do our pay scale. When we see automotive, I hate to say it, it's a red flag."

Asked about his final message, Prine simply states, "We're willing to hire – now. We're looking for serious, qualified applicants."

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