

BUSINESS AND COMMUNITIES GRANTS PROGRAM

Grantees in Action

Workforce Development in the Manufacturing Sector in Minnesota's Twin Cities Area

Finding, Hiring, Training, Keeping Skilled Employees: Is it "Collaborate or Die"?

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"We are in the race of our lives for talent right now as manufacturers," says Erick Ajax, owner of E.J. Ajax & Sons, one of this country's leading metal stamping companies. Finding, training, and retaining people to fill skilled manufacturing jobs is much more than a vexing problem to men and women like Ajax, it's literally a matter of business survival. Figuring out the solution is crucial, not only for helping businesses succeed, but also understanding how low-income workers can get and stay on a career path that leads to higher incomes and, at least as important, building assets.

The challenge is simple in concept, complicated in execution. How do we welcome low-income individuals, many with limited if any job experience, into a career path in this country's manufacturing sector? Contrary to popular misconception, manufacturing jobs continue to offer a bright economic future for many employees. "Low-skilled jobs are on the decline. High-skilled, high wage jobs, those are where growth opportunities exist and where the talent shortage exists," says Ajax.

To help provide answers, Minnesota's Twin Cities area has become a laboratory for workforce development in the manufacturing sector, thanks to a project funded by The Hitachi Foundation and the Charles Stewart Mott Foundation through the Manufacturing Institute of the National Association of Manufacturers and the Precision Metalforming Association Educational Foundation. The project is headed by a consortium of local business leaders: E.J. Ajax plus seven other local businesses — Perbix Machine, Morrissey, Marshall Manufacturing, John Deere, Thomas Engineering, Meier Tool, and Top Tool. They each serve on the project's governing body and make program decisions. Indeed, after the project was up and running for several years, it was this group of business leaders who developed a proposal for and were awarded a grant by the state to further support the collaboration. Previously, similar state grants had gone to individual businesses in the community, not a consortium of businesses, as in this case.

The "M-Powered" Project brings together the local Precision Metalforming Association, Hennepin Technical College, and



A metalforming graduate now ready to embark on a career path.

Why Collaborate?

Erick Ajax reports that it is absolutely necessary to build and manage a sector-wide training pipeline. It is a big job to do alone. For some specific reasons, collaborating with other businesses, nonprofits, foundations, state economic development agencies, community colleges, and other organizations is an opportunity to increase competitiveness, and to build a talent pool to address critical gaps.

- Accessing a talent pipeline of quality workers is a challenge. Making progress requires ongoing cooperation and leadership partnership between employers, educators, funders, and resources/economic development and nonprofit intermediaries. A partner has to be on the agenda; participants must understand a

HIRE — a local workforce group. The Project offers lower-income job seekers and men and women already working and seeking advancement a two-phased training program that prepares them for careers in the metalforming manufacturing sector. Trainees take part in a 12-week industry-specific course at the technical college. They also receive career counseling, mentoring, and job placement assistance. The local metalforming employers participate in curriculum and program design, develop criteria for enrollment, and make sure that the number of students graduating from the program matches the current demand for new employees.

E.J. Ajax and Sons' experience shows that taking a leadership role in a training program is a viable answer to the challenge of retaining and advancing employees. Based in Fridley, Minnesota, E.J. Ajax is recognized as one of the most efficient metal stamping facilities in the country and has continually enjoyed annual growth. How have they bucked the harsh winds of change and international competition? According to Ajax, "our highly skilled employees really separate us from the competition."

There is an approach that avoids the temptation to compete globally by racing to the bottom, so to speak — outsourcing jobs overseas where wages are significantly lower. In fact, E.J. Ajax exports 35 percent of its product overseas, including to China.

Training is the key. E.J. Ajax invests 5 percent of its annual payroll in employee training and professional development. Each employee receives a minimum of 100 hours of training each year. As a result, skills are buttressed and expanded and turnover is very low. Half of the company's 50 employees have been at the company 10 years or longer.

Still, Ajax enthusiastically invested time and resources in the "M-Powered" Project, including participating in the Project's design and implementation, recruiting workers from his plant to teach training classes, and hiring project graduates into entry level positions at his company. Why? Because Ajax really believes that "it's collaboration or die." Plus, he sees the future.

"About half of my employees have been with E.J. Ajax for more than 10 years," he says. "Many of them are over 50 years old and will be retiring within the next decade. It is now critical that I begin to identify and tap into a pipeline of capable workers who can replace them when they leave. The 'M-Powered' Project provides me with a cost-effective way to get access to a pipeline of the best and brightest people that we can put into entry-level positions, nurture their growth, and help them to eventually replace my aging workforce."

And when he looks into the future, he understandably gets nervous. "When I go out to speak at local schools, I know that only 30 percent of the students graduating from high school will ever receive a traditional four-year college diploma. That leaves 70 percent, a large portion of whose only viable employment options are in the low-paying jobs in

each other's objectives be success will be

- No single party provides resources to provide the curriculum, support and entry level employees.
- Individual parties face a series of ongoing challenges that are difficult, if not impossible, to provide through ongoing group effort.
- A business that invests in training work faces the risk of losing key skills and workers if they take jobs with other businesses. Working together to provide training and development spreads the risk and still generates the required results for trainees and employers alike.
- "M-Powered," for example, requires a partnership between the organization, the community, and some cases of government. Each partner has a leadership role in the development of the program. The program is manageable for all of the leaders. "M-Powered" would be over and not near if it was only by one or two organizations.

the service or the fast food industry — jobs that do not create enough value to pay a living wage."

Ajax and the other business leaders behind "M-Powered" want a significant number of those people to recognize and grasp the opportunity that exists in manufacturing. But it can't be done alone. Ajax says the challenges of recruiting and preparing the potential workforce are so great that they require relying on the abilities of other organizations in the community, especially nonprofit groups like HIRED.

"HIRED is the first stop for any person coming into the program," reports Ajax. HIRED uses their contacts with other nonprofits in the community to advertise the training and employment opportunities, conducts the initial screening and assessment of potential participants, and provides much of the preparation and coaching that participants need to succeed in the workplace. "HIRED has been really successful in helping our entry level students become more self-sufficient. They help with transportation issues. They help them understand what is expected of them in the workplace and how to deal with challenges — like what to do when you have a sick child and still need to get to work."

HIRED is how Samantha Brady went from prison to a future at E.J. Ajax. "They offered the program at the facility I was at and I started in January of 2006, when I was incarcerated," she says. "By April, I had my metalforming certification. I got out in May and in July I was hired at E.J. Ajax. The woman at HIRED had kept in contact with me after I left the facility. I went to a workforce center and, with her help, updated my resume. She is the one who put me in contact with E.J. Ajax."

"The life I lived before I got here was worthless. I have two kids. Now I make enough money so I can support them without doing the things I was doing."

Brady was hired on as a Class C machinist. She's taking classes so she can soon move to Class B. "It's opened up all kinds of possibilities," she says when asked about her future.

Eric Uderbakke took a different route to "M-Powered." After completing high school in 1999, Underbakke worked a series of dead end jobs. Career advancement did not seem to be in his future. Then, while working as a \$9.50 an hour Final Assembler in a manufacturing plant, Underbakke "discovered that I loved understanding how complex machinery worked and how products were made." On the advice of a friend, he enrolled in the 12-week pilot "M-Powered" course. To make it possible, he quit his assembler job, worked two part-time jobs to make ends meet, and endured a long commute by bus to the classes. Underbakke dedicated himself to learning key skills and he excelled.

"The way the course was designed, we got experience beyond the technical curriculum," he says. "We went on tours of metal manufacturing companies in the area so that we could get an idea about the job options that would be available when we graduated. At the job fair, a lot of

employers seemed really excited to hire us when we were done. Most importantly, the classes were structured in a way that forced us to work cooperatively in groups with the stronger students helping the weaker students. By the end of the course, we had all bonded as a team."

Uderbakke's talent and dedication caught the eye of an E.J. Ajax supervisor who was on loan to the project, helping to teach the course. Today, Uderbakke is employed at E.J. Ajax. He sees a clear path to advancement. With additional training and experience Uderbakke is taking aim at the job his supervisor — and former instructor — now holds.

Underbekke and Brady personify part of the misfit between skills of the current workforce and the needs of the workplace. It is here where The Hitachi Foundation sees broad opportunities for building career paths for low-income workers. "Lower-income people move from the economic fringes into the mainstream of family-supporting careers by moving up the career ladder. The problem is that in many workplaces, these ladders for advancement are not in plain view. There needs to be transparency from entry-level on up through the supervisory ranks, about opportunities for advancement; and training must be available to enable workers to gain the proficiencies necessary to succeed," says Barbara Dyer, Foundation President and CEO. "Everyone benefits. Businesses benefit from improvements in retention and productivity. Employees benefit by earning decent wages and securing their future."

141 men and women have graduated from the "M-Powered" Project to date. Many have found new opportunities. For their employers, describing the challenge as a "race for our lives" is far from hyperbole. It clearly helped Samantha and Eric to turn their lives around. And, looking at it from a business sector perspective, Ajax adds that "the country that can develop and train the highest skilled employees and workforce within the next decade-and-a-half is going to win without question."

To help manufacturing companies beyond the Twin Cities be on the winning side, the Manufacturing Institute and the National Precision Metalforming Association are disseminating what is learned to manufacturing companies throughout the country.

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