

COLUMBUS BUSINESS FIRST

A PORTRAIT OF MANUFACTURING'S ONGOING HIRING CHALLENGES

THE JOBS ARE THERE, BUT SOUTH SIDE
POVERTY KEEPS SOME WORKERS HOME

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The resurgent economy has provided a much-needed boost to employers on Columbus' south side. Over the last year, 865 jobs have been created with the help of city tax incentives and a rebounding economy, and there have been valuable private investments into the area.

No company in the neighborhood has seen transformation quite like steel foundry Columbus Castings. It struggled in the past few decades along with the rest of the U.S. steel industry, bleeding jobs during the Great Recession. But plans announced last fall to add 550 workers over three years are well ahead of schedule: With the crucial help of social service programs, more than 400 already have been hired as the company meets rising demand for its rail car undercarriage components.

As Columbus Castings and other manufacturers in the neighborhood reap the benefits of a healthier economy, they face a stiff challenge.

They have job openings, but where are the workers capable of filling them – and keeping them?

"You can't expect people to do something they've never been taught to do," said Robert Caldwell, regional director for training and development of Think Tank Inc., a Springfield-based organization that works to lift people out of poverty. Caldwell has been helping Columbus Castings train recruits on soft skills in the hopes of boosting retention. The role follows Caldwell's decades of experience in community development and urban revitalization.

The south side could use more people like him.

Census Bureau data show the 2013 unemployment rate in the ZIP code where Columbus Castings operates was 15.4 percent – nearly triple that of Franklin County as a whole. Almost a quarter of the community's residents have incomes below the federal poverty level. Any additional



PHOTOS BY JEFFREY KONCZAL

jobs are obviously a great sign for the community, but unfortunately not everyone is prepared to keep a job.

"People who have lived in generational poverty have never been taught soft skills we would learn from the families we are raised in," Caldwell said. "We grew up and worked jobs and learned common-senses things like getting to work on time and getting along with your co-workers."

Building a labor force

To help neighborhoods climb out of poverty, Caldwell developed a program called Work Works to connect people with employment opportunities and provide mentoring and life coaching, even if clients lose their first job. His goal is to make sure folks keep a job long enough to make a difference.

"When somebody has got a job or knows they can get one, it's an incentive to work on the things we teach," he said. "It has to be about how do you make sure this person can earn a living?"

Columbus Castings and other area manufacturers have support finding and keeping qualified workers from organizations including the Central Ohio Workforce Investment Corp. and Alvis House. The Reeb Center will be another resource when it opens later this year.

The center, housed in a renovated school building, will host satellite offices for community and work-force development nonprofits advancing efforts to revitalize the south side. The center is the result of a public-private partnership, including the city and state, foundations, businesses and influential business families with ties to the south side, such as the Grotes of Donatos, developer Don Kelley and the Cranes.

"To have resources like GED training and child care and other things that help you retain someone in this area, I think that's going to be very critical," said Scott North, a partner in Porter Wright's litigation department who put together tax incentive packages for Columbus Castings.



Robert Caldwell, far left, trains workers at Columbus Castings. The jobs are helping the south side neighborhood, said Rodney Peel, a Bucher Street resident who used to work there.

'You're going to sweat'

About 175 of Columbus Castings' new workers have come through the work-force programs with about a 75 percent retention rate, said Derek Dozer, the company's director of human resources. Maximizing retention is vital. With the enormous training costs of hiring 550 employees, training replacements when those hires leave is an expense Columbus Castings wants to minimize.



Scott North
Porter Wright Morris &
Arthur LLP

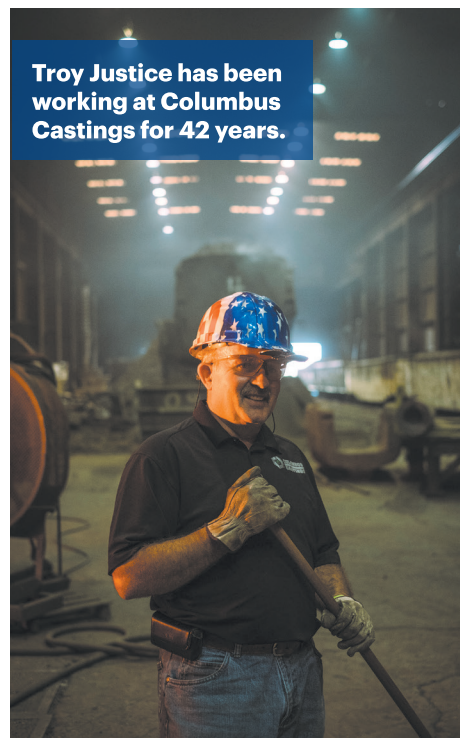
Part of the hiring challenge is cultural and generational. While some employees may have the soft skills to retain a job, they may not be cut out for the manufacturing industry.

Manufacturing is safer than ever before, but it continues to be physically demanding, even with automation, said Ryan Augsberger, managing director of public policy services for the Ohio Manufacturers' Association.

"It's not easy work," Dozer said. "It's going to be hot. You're going to sweat."

That kind of work environment doesn't suit many people from urban Franklin County, with its base of white-collar insurance, banking and government operations. It also doesn't appeal to the younger generation, manufacturers are finding.

In spite of those trends, many Castings



JEFFREY KONCZAL

employees are from the neighborhoods that surround the plant.

"The fact is, a good number of our employees come from the south side because it's on a bus

line and it's right here, so some people walk or ride bikes," Dozer said.

Revitalization is needed in the neighborhood, said Steve Schoeny, Columbus director of development.

"A lot of it is driven by the mayor (Mike Coleman). He tells this story – he was down there for an event and saw a man ... pushing a shopping cart with a child wearing nothing but a diaper. It was one of those 'this is unacceptable' moments. A lot of our focus stems from ... saying 'We can do better.'"

Searching for skills

During the recession, Columbus Castings fluctuated between 400 and 500 employees, and dipped to 344 in 2010. After the expansion is complete, the company expects to have about 1,100 employees.

Dozer said it has been difficult to fill skilled positions such as supervisors, mechanics, electricians and crane operators.

Another challenge the company faces is getting employees up to speed. Dozer said it can take three to six weeks before new employees are trained, which limits the amount of people he can bring in at once.

"If I need 200 employees, I've got to bring them in smaller buckets so that I can manage the amount of training and pair this person up with somebody so that I know he's safe and getting better acclimated," said Dozer. "This is a tough environment."

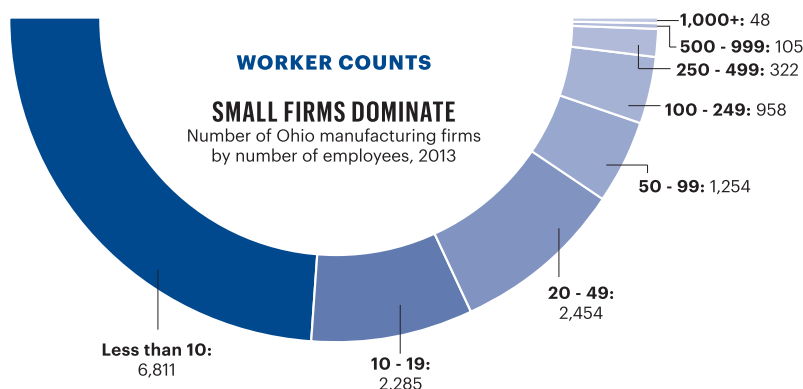
MANUFACTURING IS GROWING

MAJOR PLAYER

17.7%

Manufacturing's contribution to Ohio's GDP is greater than that of any other industry sector.

This is up from **16.7%** in 2010 and **17.1%** in 2012.



COUNTDOWN

MANUFACTURING GDP

- 5** North Carolina
\$98.3 BILLION
- 4** Ohio
\$99.8 BILLION
- 3** Illinois
\$101.3 BILLION
- 2** Texas
\$233.2 BILLION
- 1** California
\$239 BILLION

PLANT UPGRADES

HOW COLUMBUS CASTINGS IS REINVENTING ITSELF

Last September, Columbus Castings announced it would double its work force jobs to take advantage of the rapidly increasing demand in the railcar industry.

"Oil is driving that," said Randy Parish, the company's vice president of operations. "Tank car business has been through the roof."

Parish said part of the demand is not only in the steel foundry's traditional rail business, but also the undercarriages for mass transit cars such as those used by Amtrak.

Columbus Castings has undoubtedly been the beneficiary of improved economic conditions after surviving a couple of tough decades for steel foundries, but the company does not want to be reliant on economic cycles.

"Unlike the old history, we diversified out of that cycle, went into replacement parts, industrial equipment, and other lines of business to get away from those boom-and-bust cycles," said Parish.

Since New York private equity firm Prostar Partners LLC acquired Columbus Castings in 2008, the company has invested more than \$15 million into plant upgrades that will result in environmental and productivity improvements.

The company hopes to purchase equipment that would recycle sand. It may sound simple, but could have massive environmental and cost saving implications because Columbus Castings buys thousands of tons of sand each year.

"From a landfill perspective, they're very excited about this because of the idea that you'd be diverting 25,000 to 30,000 tons a year away from landfills," said Scott North, a Porter Wright law partner who worked on Columbus Castings' tax incentive packages.

Parish said oil and gas drilling in eastern Ohio's shale plays tripled the cost of sand, which is needed for hydraulic fracturing operations. The sand recycling equipment will save Columbus Castings a significant amount of money, he said.

— Nick Ramsey



A welder at the Columbus Castings plant on the south side of Columbus. The company is hiring.

COUNTING THE JOBS

SOUTH SIDE SHOWING SIGNS OF REVITALIZATION

Columbus Castings' expansion last fall was by far the largest development project on the south side in recent years, but it is not the only company looking to expand with the help public funding.

More than a dozen other establishments along the Parsons Avenue corridor have received city or private investments, including several projects to renovate or rebuild homes, a new Parsons Avenue branch of the Columbus Metropolitan Library and a major Nationwide Children's Hospital expansion.

Additionally, the renovation of the former Techneglas manufacturing complex brought industrial space to organizations with a variety of needs. The project received an award for the best adaptive reuse in 2009 by the NAIOP, a commercial real estate development association.

The following companies have received city and state tax incentives to assist in further investment and job creation in the neighborhood since 2013:

German auto supplier **HIRSCHVOGEL** announced in March it would undertake a \$50 million expansion and add 37 jobs to its 300-plus work force.

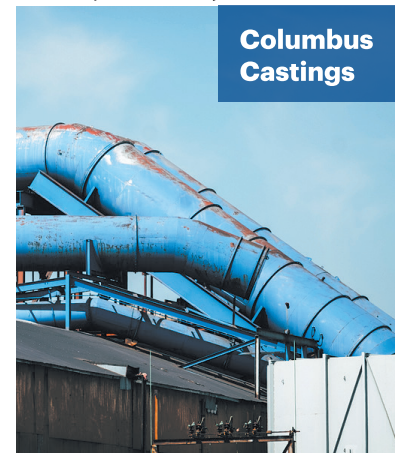
SCHOOLA INC. will open a \$3 million distribution center along Watkins Road. The center will employ approximately 225 workers with an annual payroll of about \$6 million.

The **SUPERIOR DIE TOOL AND MACHINE CO.** committed to invest \$7.5 million into facility improvement and the acquisition of machinery and equipment to expand its current operation of 120 employees. Thirty-five full-time jobs will be created with an estimated payroll of \$1.1 million.

Last November, **ENGINEERED PROFILES LLC** committed to invest \$3.7 million into building acquisition and improvements along with the purchase of machinery. The company will retain 179 positions and add 18 jobs with an annual payroll of \$717,600.

In 2013, **COLUMBUS EQUIPMENT CO.** invested \$2 million to expand and relocate its headquarters and construct a building to serve as its local base of operations. The company added two full-time positions to its work force of 74.

During the same incentive cycle, **CLOVERLEAF COLD STORAGE CO.** and **CCS REALTY CO.** committed a total of \$4.8 million in investment and created two full-time positions.



Columbus Castings