
Bucyrus CEO says Texas did training that Wisconsin couldn't

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West Bend - Not long ago, Bucyrus International Inc. stood out in Milwaukee as a veritable poster child for business opportunity and expansion. Mayor Tom Barrett singled out chief executive Tim Sullivan in his 2005 "state of the city" address: "Thank you for believing and investing in our city."

And so it was awkward last week when Sullivan told a packed auditorium of civic leaders that he needed to make a "confession," something he's kept quiet for years. Finding qualified, factory-grade welders in an old-line industrial city such as Milwaukee had become arduous to near impossible. Calling himself a "killjoy," Sullivan said he quietly phoned a few contacts in Texas to see whether the Lone Star State could provide him enough welders who are qualified to piece together the colossal mining machines that Bucyrus ships to India, China and elsewhere around the world.

A delegation of senior Texas government authorities met Sullivan at the airport, including the mayor of the town of Kilgore. In a one-hour lunch, they matched Bucyrus with a ready-to-occupy factory with every possible amenity.

More important, they asked Sullivan exactly what sort of workers he needed. Sullivan said 80 with specific skill. The state gave Sullivan a guarantee that the workers would be waiting when the doors opened at the expansion site in Kilgore. State officials customized a recruitment, training and certification program. One year later, when the expansion site in Kilgore opened its doors, the 80 welders were waiting.

In the two years since then, the Texas site has more than doubled to 184 total workers and plans to keep hiring. And back in Milwaukee, Sullivan has said next to nothing in public about the Kilgore expansion.



New leg of expansion

That is, until Wednesday, when he spoke in West Bend at a quarterly meeting of the seven-county Milwaukee 7 economic development consortium.

"You could see how pained Tim was to put that plant in Kilgore," said Tim Sheehy, president of the Metropolitan Milwaukee Association of Commerce and senior M-7 planner.

"Push came to shove, and we had to do something," Sullivan said in an interview after the M-7 meeting.

Sullivan can afford to be more blunt than usual these days. He said he would step down this summer after he closes a \$7.6 billion deal to sell Bucyrus to Caterpillar Inc., the world's largest construction equipment maker. Caterpillar, based in Peoria, Ill., has plants around the world and wants to open new global production sites.

"We shouldn't fool ourselves that if companies cannot find labor in Milwaukee, that they won't look somewhere else," Sheehy said. "The message for Milwaukee is to fix the workforce or die."

Jobs and investment in Texas amount to a new leg of the Bucyrus expansion. In 2004 and 2005, the company accepted state grants and local tax breaks to breathe new life into a vacant plant on the south side and expand the flagship factory in South Milwaukee. At the time, Sullivan said, Bucyrus wanted to show that Milwaukee had retained a competitive industrial base even in an age of high-tech manufacturing.

Bucyrus employs about 1,700 in metro Milwaukee, "going to 2,000," Sullivan said. Worldwide head count is about 11,000, "up from 10,000 18 months ago," he said.

On the subject of politics, Sullivan continues to hold open the option that he will run for the U.S. Senate seat that long-serving Democrat Herb Kohl now occupies, following Kohl's announcement that he won't seek re-election. Asked for his political affiliation, Sullivan replied: "I have none."

Reform job training

Sullivan disclosed his investment in Texas, he said, to build his case for wholesale reform of Wisconsin's job training and education system. Radical action is needed, he warned the M-7.

As chairman of the Governor's Council on Workforce Investment, a state advisory panel, Sullivan wants Gov. Scott Walker to change how the state spends hundreds of millions of dollars each year in federal job training funds - and in the process, link the funds to reforms of local education programs. The proposals would change how workforce

investment boards - regional training entities - apply for funds. They would need to justify each allocation with commitments to reform the curricula of each region's kindergarten-through-12th public schools as well as each region's technical colleges.

Those proposals are in early stages, and Walker already signaled that a direct link between the spending formula and education curriculum was too radical.

Chronic skills mismatch

But Sullivan's candor reignited a debate that's infuriated plant managers in the region for years. At issue is a chronic mismatch of skills - a topic that metro Milwaukee leaders have debated loudly for years without making meaningful progress, Sullivan said. Even with employment estimated above 10% in the city, industrial employers such as Bucyrus are unable to fill jobs.

What pained Sullivan most, the CEO said, was that the Milwaukee Area Technical College also said it would customize a welder training program for Bucyrus. But MATC never gave a guarantee as Texas did, Sullivan said. Nor did MATC deliver. Some didn't finish training. Others were certified but failed a drug test.

"We have a complete disconnect between jobs and education and training," Sullivan said. In Milwaukee, "we're a long way" from replicating the feat in Texas.

"There is no stomach in this state to change the curriculum," he said. "Who is initiating education reform in the state right now? No one."

Although taxpayer-funded MATC probably is the institution best suited to address the skills mismatch, the tech school cannot bear all the blame for its inability to deliver customized workforce training, Sullivan said.

Many Milwaukee-trained welders simply are not mentally prepared by metro Milwaukee's grade schools and high schools, Sullivan said.

Lack of basic skills

About 50,000 working-age residents in the city of Milwaukee cannot read beyond the third grade, Sullivan told M-7. In Wisconsin, meanwhile, some 710,000 working-age people did not finish high school.

According to federal data cited by the M-7, 32% of manufacturers nationally report unfilled jobs because they cannot find qualified workers. The nation has nearly 300,000 open positions in manufacturing.

Michael Burke, the president of MATC, said he plans to address the skills disconnect. Burke has been on the job for 15 months, after the previous MATC president, Darnell Cole, was fired following his arrest on drunken driving charges.

"I intend to make this a significant focus," Burke said in response to Sullivan's comments.