

THE BUSINESS RESPONSE

Karen Sitnick, Director of the Mayor's Office of Employment Development in Baltimore City, asked Gary Ruddell, President of Total Biz Fulfillment, Inc. in Garrett County, how he reengineered the business. In the early 1990s, the company had published books and magazines about collecting dolls and teddy bears. However, most of its audience was more than 60 years old, and was not getting any younger. Mr. Ruddell said he pitched the magazines and sold the books. Then he looked at his employees' skills and built on his company's strong network in the toy industry. Now, Total Biz Fulfillment is very successful.

Ms. Sitnick asked Rafael Correa, President of MaTech (Machining Technologies, Inc.) in Salisbury, how he finds a top notch workforce to produce high quality products for the military. She said MaTech used to bring in Chilean workers, building a pipeline of workers to meet his needs. It was very hard to find a good workforce in Salisbury. Mr. Correa said his goods have to be perfect, and the problem was the skill levels of the people coming in. Vocational schools used to be a form of punishment. MaTech was getting vocational students and dropouts, and it was difficult to train them on computerized equipment. He then began importing workers and engineers from South America. He approached the school system about revamping the vocational education program, but he was told it was like hitting a brick wall.

Today, Mr. Correa said, Wicomico County has a high-tech Center for Career and Technology Education, which offers classes in 20 technical areas, and it is one of the most advanced in the country. MaTech supports the school with funding, resources and teachers. Today's vocational tech students are going to college and becoming engineers. They then become MaTech's leaders. The good thing about the technology center is that every student graduates with a job. At the school, they build two houses a year, estimating the materials and doing the work. The technology center is teaching students to be entrepreneurs.

At MaTech, the end product of the managers is people, and the end product of the people is the product. Mr. Correa is very proud of MaTech's workforce, because they want to learn and show what they can do.

Ms. Sitnick asked Pete Laport, Plant Manager for the Dreyer's/Edy's Grand Ice Cream plant in Howard County, how he created the largest ice cream facility in the world. Mr. Laport said the company spent \$240 million to expand into the largest ice cream factory in the world. They previously had 300 full-time employees, and are hiring an additional 350 employees. In addition, the expansion of the facility created jobs for 500 to 600 construction employees. One problem Dreyer's/Edy's is having is getting people to and from the plant, since they have three shifts per day, seven days a week.

Ms. Sitnick said Dreyer's/Edy's created its own assessment to use when hiring workers. A West Coast plant that had expanded a year earlier had a 15% to 20% pass rate. The company gave the assessment test, then held interviews, and finally did background and

drug tests. The assessment has changed the landscape, as 60% now pass.

Ms. Sitnick asked Douglas Whatley, Founder and CEO of BreakAway, Ltd., about his computer games company. He said he has a great facility, free sodas, and high quality health care benefits, including a health care concierge. There are two sides to BreakAway's business – computer games and repurposing the technology for serious military and government use. Baltimore County is one of the best sites for game companies because Microprose grew there. However, it is difficult to find good workers and keep them. The various game companies in Hunt Valley support each other. These companies have to create the types of games their employees want.

Mr. Whatley said BreakAway hired a health care concierge service company because its employees said a major problem for their spouses was dealing with their health insurance company to get them to properly process doctor's bills. The workers' spouses did not have a support structure in Baltimore County, as most had moved from other parts of the country, and spouse dissatisfaction was a major reason why employees left BreakAway. Many of the company's employees moved to Maryland from California due to the high cost of housing there, and the desire to be near their families, who often lived on the East Coast. BreakAway sponsors play dates in the office, in an effort to enable the spouses to meet one another. Last year, the company laid off 11 or 12 of its 150 employees, because the senior people wanted to cull out lower performing employees.

Ms. Sitnick asked about BreakAway's efforts to make diverse and exciting products. Mr. Whatley said the company has to identify areas in which a large percentage of employees are interested. Then the sales force goes out to find a product. Periodically, company officials talk to their employees, asking them what kind of games they want to work on. Many of BreakAway's employees switch back and forth between games and the more serious military and government simulations in order to get over their guilt for getting paid to work on games.

Ms. Sitnick asked about how BreakAway reaches out to the universities. Mr. Whatley said a number of universities and community colleges have started game design programs. The game business is a young area. East Coast game companies have to draw their employees back from the West Coast.

Ms. Sitnick asked whether the perception that manufacturing is dead hurts the panel members, since all are involved in some type of manufacturing. Mr. Correa said it is hurtful because parents hear this and then send their children in a different occupational direction. We will always have manufacturing, but it will change. Manufacturing will never die. Gary Ruddell said his company is close to Canada. Richard Florida was correct – people drive success. His company has to handle these issues and do it cheaper. Pete Laport said the people Dreyer's/ Edy's hires do not have a manufacturing background. He hires former mall workers and trains them to work in manufacturing. Mr. Ruddell added that the Maryland World-Class Manufacturing Consortium is a wonderful resource. His company lost a huge contract because his price was 10 cents per transaction above that of a competitor. He went to the Maryland World-Class Manufacturing Consortium and they showed him how to cut his price by more than 10 cents and make a larger profit. Ms. Sitnick added that Tom Friedman

has written that the work will go where manufacturing can be done better and cheaper.

In response to an audience question about K-12 education, Mr. Correa said his company is active in the educational community, inviting students in for tours and showing them why math is important in the company's processes. We need to make education more interesting, with more up-to-date textbooks. The level of teaching needs to be more realistic. Ms. Sitnick said the U.S. Department of Labor and the U. S. Department of Education worked together on the School to Work Opportunity Act, which was well-funded and focused on work-based learning. However, the funding ended. We need to get students to see the bigger picture, and focus on the kinds of courses students need to take to learn biotechnology.

In response to Dick Story's question about why their company stayed or did not stay in its location, Douglas Whatley said BreakAway moved within Hunt Valley about a year ago. He surveyed his employees and found they lived in all four directions from their current location. The advantage of Hunt Valley is that they can have any life style. Mr. Correa said tax incentives are important. He moved his company to Salisbury 20 years ago, and would never come back to the metropolitan area. In Salisbury, there are lots of outdoor activities. He feels the most important thing is becoming involved in the community. He has learned the value of participating. Mr. Laport said his company's physical location is right and very near I-95. He has had no problems with employee retention.

In response to John Savich's question about whether the companies perceive any threats to their continued ability to attract and keep workers, Douglas Whatley said housing price increases have hurt his company. BreakAway also has a studio in Austin, Texas. There is a huge pool of people available to the game industry because some game companies have gone out of business. Some don't want to come to Baltimore, but feel that Austin is okay. The Austin location only works on fun games, whereas in Hunt Valley, they also work on the serious game market. There is a hidden market in Maryland, because it is close to the federal government. This is a "creative class" draw. Pete Laport said housing costs here are a problem. The company has enhanced some of its relocation benefits. They also have to deal with the problems of fuel costs and a lack of transportation to their location at all hours. Gary Ruddell said contractors in Garrett County are focusing on building large vacation homes. Workforce housing is getting less attention from the developers. Rafael Correa said MaTech is "the company to work for in our area." They have never laid off any workers. Mr. Correa's wife, who is a psychotherapist, sometimes helps with personnel issues. He has empowered his people. He says we have to de-stress people by teaching them real-life skills. People must learn how to be happy. Employees need to learn they are responsible for their own happiness.

In response to Chris Plater's question about whether immigration is creating any issues, Mr. Correa said we learn from each other by learning how to influence each other. His workforce was initially afraid of foreigners. Good communication is important.