



United States House of Representatives
Committee on Ways and Means
Human Resources Subcommittee
“Jobs and Opportunity: Local Perspectives on the Jobs Gap”
Thursday, April 12, 2018 at 2:00 PM
1100 Longworth House Office Building

Written Testimony for Mr. Peter Barrett, Smoker Craft, Inc.

Good Afternoon.

Thank you Chairman Smith, Ranking Member Davis, and members of the subcommittee for the opportunity to appear before you today to discuss an issue important to my business and the recreational boating industry: workforce development.

My name is Peter Barrett, and I am proud to represent Smoker Craft, Inc., a boat manufacture located in New Paris, Indiana. Founded in 1903, we are a 4th generation family owned and operated business that builds pontoon boats, fiberglass boats and aluminum fishing boats under the brand names Smoker Craft, Starcraft, Sunchaser and Sylvan.

Last year Smoker Craft built and distributed over 11,000 boats to our worldwide dealer network. Our company employs over 690 people at our two manufacturing facilities and our 25 truck transportation division.

The recreational boating industry is an important driver of the US economy, with an annual economic impact of more than \$121.5 billion supporting 650,000 jobs at nearly 35,000 businesses. Our industry is a uniquely American made product: 95% of boats sold in the US, made in the US. According to the Bureau of Economic

Analysis, the outdoor recreation economy accounted for 2 percent of GDP, with boating and fishing growing at a faster rate than the overall economy. Boating means business, and behind a fun day on the water with family and friends, are American businesses and manufacturing jobs.

Manufacturing is unique to the boat business. Due to the wide range of our products, we require several different skillsets to produce all our boats. Our fiberglass boats require lamination experts who can properly work with resins and woven fibers. Our pontoon boats depend upon skilled craftsman for intense welding done with careful precision that does not burn through the delicate aluminum. Furthermore, our aluminum fishing boats are both welded and riveted, another very labor-intensive skill.

Across the product lines of Smoker Craft, Inc., we need assembly workers to use a tape measure and work a screw gun, while reading and following basic instructions to ensure high quality products for our customers. After final assembly, we rely on our transportation division and truck drivers to deliver 15 loads a day to effectively manage our inventory. Our jobs do not require a 4-year degree, they pay well, and have great benefits. A solid employee can quickly move up and establish a career in our organization.

The boating industry is strong and many of our 300-plus dealers report that 2017 was their best year ever. Many dealers have indicated that they can sell more product if we can meet demand. Today, our backlog is 20% larger than last year. Unfortunately, we will be challenged to meet this demand and will struggle to continue to grow if we cannot find skilled employees.

Our current employment situation is very troubling, and the future looks even worse. We are located in a region with lower unemployment and higher job-opening rates than the rest of the country. With an aging workforce, and small pool of qualified workers for area businesses to recruit from, we are concerned with the future prospect of finding skilled workers – a critical component for our growth as a business.

Currently, our older employees tend to be our craftsmen. They enjoy working with their hands, thinking through problems, and are passionate about their jobs. Many

have navigated their way through our organization, starting at an entry level assembly job and working their way into a manufacturing leadership role.

Several of our employees have been with us for over 40 years. Just last month we thanked an employee named Frank Perales for 50 years of service on our aluminum riveted line. Frank is dedicated to our company and an excellent boat builder. His ability to quickly solve problems, coupled with a strong work ethic, have made him a model employee. As we presented his gift, he said he would like to retire in a year or two. Unfortunately, replacing someone like Frank might require two people to achieve the same level of production. His replacement would need training in riveting, basic assembly, tool usage and assembly line management skills. We hope to find an apprentice soon to help fill this hole when Frank decides to leave us.

It has been and will be extremely difficult to replace these employees. As we seek to fill the positions of our out-going employees and fill positions to keep up with growing customer demand, we are experiencing tremendous difficulty in hiring employees with the skills necessary to join our workforce. There is a void in not just basic and advanced manufacturing skills, but also a lack of leadership characteristics as well.

Beyond the production line, a similar issue impacts our transportation division. Our drivers haul boats around the country, enduring long days and nights on the road. Once the driver arrives at the dealership, the boats are unloaded which can be very physically demanding. This work is exhausting for our older drivers. Many of our senior drivers face further challenges in adapting to the use of electronic log books and other processes requiring computer skills, several have quit simply to avoid these new skills required.

The future challenge we see is attracting and training the younger employee for our workplace. Our area, once known for its strong family farm work ethic, is struggling to find young people with the grit and desire to participate in American manufacturing in spite of offering an attractive compensation package and a secure, stable work environment. New hires today do not join our company with basic skills that an employee had several years ago. Many new hires struggle to meet the basic skill requirements for our positions, and some seem unable to work

an alarm clock. Perhaps, they do not find manufacturing exciting, or fully comprehend the benefits of a career with our industry.

Despite the hardships and obstacles of finding qualified employees, our company and the marine industry, have started to look for ways to equip potential employees with the necessary skills and discipline to enter our workforce.

Smoker Craft has explored opportunities to partner with a local community college and other manufacturers in Elkhart County on a skills training facility. With a rich history of manufacturing and a robust industrial presence in the county, marine and RV manufacturers have an interest in educating workers on the necessary skillsets to enter the local workforce. Demand for qualified workers from the program was so high that many participants were “picked off” or left programs prior to completion simply because employers could not wait for a live body.

The concept of workforce training programs is vital to bridging the “Jobs Gap” we are facing today and in the future.

Simply put, we need skilled workers.

Shop classes need to return, and exposure to a career in manufacturing through internships and apprenticeships should be encouraged. We need to support the expansion of Career and Technical Education, or CTE, just as we support four-year and graduate education.

I am pleased to see Congress taking steps in the recently passed Appropriations legislation to support the Department of Labor and Department of Education programs that promote access, completion, and affordability of workforce training efforts. This funding and support is crucial to states and localities trying to meet the needs of employers such as Smoker Craft, Inc.

Thank you again for the opportunity to appear before you today, I look forward to answering your questions.