

Labor
SQUEEZE

**Small firms that wrestle with finding qualified workers in a
tight job market pursue new incentives to lure staff**

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Hamblen Gage Corp., a Westside tool-and-die company, has come a long way since Ray Hamblen opened the shop in 1952 with a half-dozen workers.

His son, Tom Hamblen, runs the operation now in a 63,000-square foot building with 50 highly skilled employees, generating \$8 million a year in sales.

But Tom Hamblen figures he could do more -- boost sales as much as 20 percent -- if only he could find a half-dozen more people to operate the company's machines, including computer-driven devices that can measure machined parts to tolerances as tiny as one-millionth of an inch.

"Employee talent. That's everything in our business, and it's a limited resource," he says.

Several times last year, Hamblen told his small sales force to "stop selling, because we can't make it anyway."

Cheri Forslund, who owns Accent Maid cleaning service, doesn't offer jobs that demand years of technical training. All she looks for are people willing to show up for work and handle a mop and a vacuum.

Forslund used to employ women who would work with her for years and, if they left for another job, gave two months' notice.

"Now people come in to interview, I take them out to train them for a day, and they never show up again," she says.

Forslund's 18-year-old business is going strong, but she turns down prospective clients almost daily. Others get angry when employees don't show up as scheduled to clean their homes.

"When you lose thousands and thousands of dollars a week, it's like someone ripped your jugular, and you bled freely," she says.

The ambitions of Forslund and Hamblen to expand their small businesses have run into the wall of an employment reality in Indiana.

A report released late last month by the Indiana Fiscal Policy Institute spells it out:

With an unemployment rate dipping below 3 percent, and education and training levels that don't meet employer demands, Indiana is falling short of the workers it needs -- both in terms of quantity and quality.

"The lack of skills and the lack of numbers retards the growth of a significant number of businesses," says William Sheldrake, executive director of the Fiscal Policy Institute.

The health and growth of small businesses is vital to the larger economy, the federal Small Business Administration says. Businesses that employ 500 or fewer workers account for 52 percent of the nation's work force and virtually all new net jobs created, the SBA says.

Accent Maid and Hamblen Gage do what they can to make their jobs attractive.

Forslund pays her employees a percentage of the fees charged to clients, better pay than they could earn at other services paying hourly wages, she says.

To sweeten the deal, she reimburses for mileage and offers a week of paid vacation after one year.

Hamblen Gage goes one better. Last year the company instituted an employee stock-ownership plan. Within 10 years, Hamblen says, the employees will become the owners.

Figuring the company's value at 10 times its \$8 million in annual sales, as Hamblen does, the offer sounds very lucrative.

To keep younger workers in the pipeline to replace retirees, Hamblen has begun an in-house apprenticeship program. And he's joined Ivy Tech State Vocational College in a partnership that offers two-year associate's degrees in tool-and-die skills.

Still, building a skilled work force remains a widespread problem.

Two-thirds of all businesses say their most pressing problem is hiring qualified employees, according to a national survey by The Alternative Board, a Wisconsin-based business consulting group.

In Indiana, a Fiscal Policy Institute survey shows that a strong majority of Indiana employers -- 80 percent --

says the state's colleges and tech-training centers turn out capable people. But there aren't enough to go around.

Two out of three employers surveyed said they need more people with two-year associate degrees. More than 70 percent need more people with four-year degrees.

The competition for these workers is intense, and national, even international, in scope.

The Lilly Endowment has embarked on an ambitious long-term program to encourage more graduates of Indiana colleges to start their careers in-state, rather than take their training to faster-growing areas of the nation.

Graduates of training schools like ITT Technical Institute's campus in Indianapolis are hotly recruited, too. Bill Kingery, director of career services at ITT here, says Paris-based oil services company Schlumberger recruits Indianapolis graduates to work on off-shore rigs in the Gulf of Mexico. Finland's Nokia, a leader in cell-phone technology, lures graduates to its Texas facility.

And the CIA and FBI come around looking for grads skilled in electronics and communications.

"I have students that are complaining about being recruited -- 'Oh no, not another employer coming in,' " Kingery said.

Forslund's problem of finding workers for her cleaning service might be eased by a growing work force. Tom Hamblen's search for skilled tool-and-die workers is more complicated.

As businesses make capital investments in more sophisticated and productive equipment, the demand grows for highly skilled workers, says Graham Toft, president of the Indiana Economic Development Council.

And the employers who want them sometimes go begging.

"I can't see that abating for at least the next couple of years," Toft says.