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Boeing invites suppliers to conference on outsourcing to Mexico

Boeing's invitation comes near the end of a presidential-election campaign where the outsourcing of U.S. jobs has been a hot issue.

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Boeing is actively encouraging its suppliers to outsource work to Mexico.

Patrick McKenna, director of Supply Chain Strategy and Supplier Management at Boeing Commercial Airplanes, has urged suppliers to attend a Nov. 15 workshop in Chicago to learn how to do business in Mexico.

"Several of our suppliers have successfully set up factories in Mexico because of the numerous advantages that Mexico offers to aerospace suppliers," McKenna wrote in a letter dated Oct. 17. "Boeing will be sending several people to this event, and we wanted to inform our supply base of this opportunity."

The event's organizers will waive the \$200 registration fees for Boeing suppliers, he said.

Boeing's invitation comes near the end of a presidential-election campaign in which the outsourcing of U.S. jobs is a hot issue.

President Obama has accused Republican contender Mitt Romney of investing in "pioneers of outsourcing" when he headed Bain Capital.

Romney has promised to reduce outsourcing by lowering corporate taxes and cutting business regulation to "make sure it's attractive to come to America again."

Tom Wroblewski, president of District 751 of the International Association of Machinists (IAM), reacted to the letter in political terms.

"We'd think that Boeing CEO Jim McNerney, as chairman of President Obama's council on exports, would be particularly sensitive to the importance of exporting American products, not jobs," said Wroblewski, via email. "We plan on talking to Boeing about this. We believe it is counterproductive to what we are trying to accomplish here."

Boeing spokesman Larry Wilson said "it's a matter of routine business" to keep the company's suppliers informed of opportunities to expand their capacity around the world.

American Industries Group, a private company that helps locate manufacturing operations in Mexico, is running the workshop.

It can build or lease facilities there for corporate clients and also offers administrative support including human resources, customs, accounting and environmental regulatory approval, according to workshop coordinator Myrna De Las Casas.

Helping hand

She said American Industries has helped more than 200 corporations get started in Mexico, "80 percent of them from the U.S."

Boeing started promoting the event just recently, she said, and she expects some to join the 18 companies already signed up.

De Las Casas said the Chicago workshop was formerly held twice a year but was discontinued in 2008 because of the global recession. Next month's event is the first since then.

Among the speakers is Mark Withrow, vice president and general manager of Weber Aircraft, a division of French conglomerate Zodiac Aerospace and maker of seats for the 787 Dreamliner and other Boeing jets.

The company's headquarters and main manufacturing plant is in Gainesville, Texas. It recently added an 80,000-square-foot manufacturing facility in Chihuahua, Mexico.

Zodiac separately owns aircraft-interior companies in Washington state, including C&D Zodiac in Marysville, HeathTecnica in Bellingham and IDD Aerospace in Redmond.

Another featured speaker is Herminio Blanco, formerly a member of the Mexican government responsible for negotiating the North American Free Trade Agreement (NAFTA).

The workshop's website entices attendees with the promise that they will learn how to set up in Mexico and "how to start manufacturing in 45 days."

It lists as a major attraction the "affordable workforce" in Mexico, offering "up to 80 percent in labor-cost savings."

That has drawn Boeing suppliers to Mexico before now.

In February 2007, at a conference of the state aerospace suppliers organization — the Pacific Northwest Aerospace Alliance — one local supplier gave a workshop offering positive lessons from its experience in outsourcing work to Mexico.

Pros and cons

Jim Mullen, then vice president of engineering at Everett-based Tyee Aircraft, now AvtechTyee, told attendees how outsourcing could lower their costs and outlined the advantages and complications of sending work to Mexico.

The company supplies Boeing with aircraft tie rods — the connecting rods that brace internal bulkheads, hold galleys or airplane lavatories in place, and anchor heavy stowbins.

Tyee outsourced to Mexico the production of the basic tie-rod tubes. Its workers in Everett finish and assemble the rods and also do the engineering design work.

Mullen argued, counter-intuitively, that his firm's outsourcing created additional work in Washington state.

He said the reduction in the cost of the parts through doing some of the lower-level work in Mexico gave Tyee a bigger slice of the business and so added more work in Everett rather than less.

Boeing's Wilson said the Chicago conference serves a similar purpose.

"Our purpose is to let our supply base know about opportunities around the world for expanding capacity and capability," he said. "It gives our supply-chain partners options about how to meet our ongoing needs."

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