

Address to the Education Appropriations Committee

02-10-2011

Thank you for the opportunity to be here with you this morning.

You may think designing, building, and selling recreational vehicles has little connection with Iowa's community colleges, but I would argue exactly the opposite. Winnebago Industries has proudly called Iowa home for our entire fifty-three year history. In doing so, we have benefited from the storied work ethic of our Iowa employees, the willingness of our State and local governments to work with us to build for the future, and the partnership we have built with our local community college to meet our diverse educational and training needs that are so vital to our ability to compete in the global marketplace.

Today, we find ourselves in unusually demanding times for our State and National budgets. I commend Governor Branstad and his staff for stepping up and asking for broad ranging spending cuts to ensure fiscal integrity - just like every successful Iowa business has needed to do over the course of the last three years.

Speaking as a company heavily impacted by the recession, we have made the extremely tough decisions that were necessary for us to survive and succeed. In the steps we've taken, we've learned that to succeed we had to reduce our expense load, live within our new budget restraints and look to new opportunities for growth. I readily admit this was a painful process. But it had to be done and we realized early on that we had to be very careful when making these difficult decisions so as not to enact short-term solutions that would in the long term jeopardize our future.

An example we faced as we were cutting to the bone and looking to save every possible dollar was in our Research and Development areas. We could have saved millions of dollars by cutting planned R&D expenditures. In doing so, we would have prevented cutting expenses in other areas of our company; maybe even saved a few more jobs. Instead, we kept our R&D budgets intact because we realized without that investment, it would be much tougher or even impossible for us to succeed in the long run. We invested those R&D dollars as originally planned and redesigned 65% of our products in model year 2010 and 42% of our products in 2011.

This was an extremely difficult decision at the time, but that investment in our future has proven to be the right one. Recent results have been an increase in sales and market share in key product segments directly attributable to our R&D efforts.

Although our economy is still fragile, we are starting to see signs of recovery. As the recovery continues and growth opportunities occur, Winnebago Industries and other Iowa based manufacturers and businesses ideally want to keep operations and future expansions in this great State of ours. To accomplish that, we not only need a ready and available workforce, but also access to the skills training for those workers that will keep Iowa manufacturers competitive.

We see our local community colleges as our most important assets in helping us in those areas. Our community colleges prepare our young people, they assist the casualties of the recession in our displaced employees, and those seeking career changes by offering curriculums that prepare them with the knowledge and skills that meet the needs of Iowa manufacturers.

Technical training in lean manufacturing, value stream mapping, cellular layout and material flow, along with development training in strategic planning and organizational and management development are but a few ways community colleges help Winnebago Industries and Iowa manufacturers stay competitive.

But it is more than just technical skills. It is also about the soft skills like teamwork and collaboration, communication, critical thinking, and as silly as it sounds, even getting to work on time.

An example of Winnebago's partnership with our local community college, North Iowa Area Community College in Mason City, began in 2001 when we started our journey of lean manufacturing. We started this journey for a completely different reason; we couldn't hire enough people to meet the demand of our product. We had to do more with less or face the possibility of growing our business elsewhere. NIACC brought to us this thing called lean manufacturing which has now become part of our culture. Although the reason for a lean culture today is totally different than it was back in 2001, I shudder to think how we would have survived without our company having the knowledge of lean.

We can cut the budgets of our community colleges and solve some of the current fiscal issues the state faces short term, but what will that bode for the future?

If companies like Winnebago Industries continue to grow and we don't have the potential employee base to drive increased production volumes or the employee base cannot acquire the necessary skills, we could be forced to look for growth opportunities in other states or worse yet, maybe even other countries.

Just like businesses who have survived these extremely difficult times, this Committee is being asked to make tough decisions weighing the short term fiscal necessities against the long term impact of those decisions.

Earlier I mentioned our decision to maintain funding for Research and Development in the face of the worst economic storm our company had ever faced and the positive results that decision is providing us today. In our eyes, our community colleges represent that R and D investment for the future strength of Iowa's work force and we look forward to the positive results that our community colleges and North Iowa Area Community College in particular will be providing us and other Iowa companies as we move forward.

I ask you to please invest in Iowa's future by helping our community colleges remain a strong partner to Iowa's business and industry.

Thank you for your time and consideration

- Learn Mfg
- Office Lean
- Management training
 - Will be more important in next 5 to 7 years
- Hourly employee training
 - Communication skills
 - Working in a group environment
 - Coming to work