

FIRST NEW'S BIRTHPLACE

An inside look at Cessna's new single-engine assembly site

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FIRST NEW



172

The Wichita Eagle

FINAL

EDITION
50 cents



CESSNA 172 (SKYHAWK)



CESSNA 182 (SKYLINE)



CESSNA 206 (STATIONAIR 6)

The choice is Independence

CESSNA READY TO BUILD



Independence

Here is a snapshot of the new Cessna plant in Independence:

- **What it is:** A new single-engine assembly factory ultimately covering about 500,000 square feet.
- **Products:** Three piston airplanes, the four-place 172; the larger, faster four-place 182; and the larger six-place 206. Cessna also may move production of its turboprop single, the Caravan, to the new plant.
- **Employment:** Approximately 1,000 workers building the three piston airplanes, the majority of them assembly workers; about 100 managers and supervisors. Cessna also will hire 800 to 1,000 workers to make piston-airplane components at the Pawnee Plant in Wichita.
- **Timeline:** Cessna expects to break ground on the new factory during the first quarter of 1995. The first new 172 should roll out of the factory in the last half of 1996.
- **Hiring:** Cessna will begin taking applications in Wichita in the last half of 1995, in Independence at the start of 1996.

Announcing the site for Cessna's new factory, Russ Meyer joked about bringing the ceremony indoors.

Town gladly gives to have factory

By Dave Higdon
The Wichita Eagle

INDEPENDENCE — This southeast Kansas town of 13,500 found Cessna Aircraft Co. under its tree this year.

And under its own tree, Cessna has a package of \$30 million in financial incentives from Independence, including \$20.5 million in cash.

Cessna ended five months of competition and suspense Wednesday afternoon when Chairman Russ Meyer announced the company will build its new, piston-engine airplane plant on the city-owned

Independence Municipal Airport.

The plant will bring 1,000 jobs, a \$20 million annual payroll and unfold related jobs and business to Independence.

Another 1,000 new workers at the Wichita Pawnee Plant near McConnell Air Force Base will feed airplane components to the new factory, work that should add about \$20 million to Cessna's Wichita payroll. Cessna now employs about 5,800 workers, almost all of them in Wichita.

Being selected for the new plant was "the biggest and best Christmas present

possible," said Larry Kimble, chairman of the board of the Independence Chamber of Commerce. Even a driving rain and temperatures in the 30s couldn't dampen the spirits of Montgomery County officials, business leaders and citizens gathered at Independence Municipal Airport on Wednesday afternoon.

"This is like having Christmas twice in one month," said Montgomery County Commissioner Raymond Caldwell.

Community leaders, who were notified

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A welcome banner went up in downtown Independence at 2:30 p.m. Wednesday as word came in about the plant.

Announcement means smiles everywhere in winning town

By Suzanne Perez Tobias
The Wichita Eagle

INDEPENDENCE — The city that turns Halloween into Newerlough — a week-long festival of parades, carnivals, street performers and beauty queens — greeted Cessna Aircraft Co. executives Wednesday with that same brand of community spirit.

And a band. And cheers. And banners. And lots of orange smiley-face "Smile for Cessna" stickers.

"I'm very happy. This is one of the

best things to ever happen to this area," said Barbara Strickland, who lives in Cherryvale, about 16 miles east of Independence. "It's like we just won the ball game."

Independence, and consequently all of Montgomery County, won more than a ball game Wednesday. The southeast Kansas town was chosen from among five Kansas cities to be the site

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Yes, Cessna had promised it would resume production of piston singles just as soon as product liability reform was enacted. Yes, Congress passed the General Aviation Revitalization Act, the triggering tort reform legislation that would free manufacturers of product liability concerns once an aircraft reaches 18 years of age. Yes, Cessna had even announced—on December 21, 1994—that it had chosen Independence, Kansas, as the site of its new single-engine manufacturing facility. And yes, the entire general aviation community had responded with an optimism it hadn't seen in nearly 16 years. Leading the cheers was AOPA, which had worked hard in the cooperative effort to pass the new product liability laws.

But there was another reason for AOPA's upbeat mood. We have dibs on the first new 172 to roll off the assembly line. The first new 182, also. We will be giving these airplanes away as our sweepstakes prizes for 1995 and 1996. The lucky winner, selected from the ranks of any new, renewing, or new-member-sponsoring AOPA member, will get the good news in January 1996. Later that year, the prize airplane will roll out the door, and AOPA's First New 172 will take to the skies. Maybe you'll be pilot in command.

But even with all the hoopla surrounding the legislation's passage, the site selection, and the anticipation of a sweepstakes winner, a kind of awkward silence descended. By February, it seemed as though the normally voluble Cessna had become suddenly quiet. What did this mean? The skepticism of a year ago resurfaced. Would Cessna really keep its promise to start the production of piston singles?

Then, on the afternoon of February 22, the telephone rang in AOPA President Phil Boyer's office. It was a senior Cessna executive calling.

"Just wanted to let you know first," he told Boyer, "that the Textron board of directors has just enthusiastically endorsed the single-engine program as outlined by Russ [Meyer, Cessna's chairman and CEO]."

With this formal go-ahead, any lingering doubts were erased. The switch had been officially flipped, and Cessna moved ahead with new purpose. In particular, a great deal of renewed emphasis was brought to bear on the Independence plans.

Actually, work had been progressing in this area for some time, and always with the board's tacit endorsement. A single-engine task force had been created in June 1993. Last summer, Cessna formed a site selection team. Working under a proviso that the new plant be located in Kansas, the team quickly came up with a preliminary list of 16 candidate communities. These were Augusta, El Dovado, Emporia, Hutchinson, Liberal, Great Bend, Hays, Pittsburg, Parsons, Independence, Manhattan, Newton, Pratt, Salina, Winfield, and Wichita.

By October, that list was pared to five cities: Emporia, Hays, Manhattan, Pittsburg, and Independence. A spirited competition for the Cessna plant soon developed among the competitors, and local media all across Kansas covered any site selection news with great gusto.

Independence won because it best met Cessna's six big criteria. First of all, the winning city had to be able to underwrite high-quality industrial revenue bonds. The bonds would be essential for attracting investors and raising construction money. Independence would not only float bonds, it was actually willing to pay Cessna \$20 million to move there. This \$20 million cash incentive program would be spread over 10 to 13 years. It's linked to construction milestones through 1996 and to employment levels after that. The cash begins to flow with a pair of \$2 million annual payments. The money for this incentive will be raised by a retail sales tax increase of one cent on the dollar. The citizens of Independence, eager for new jobs and the revenue they'll bring, endorsed the new sales tax in a special referendum; 88 percent of voters backed the tax hike. Independence also provid-

ed the land for the plant site at no cost.

Of course, a winning city had to have an airport with very specific attributes. The main runway had to be at least 4,000 feet long—5,000 feet, preferably—had to be able to handle 14,000 flights per year, and had to have an ILS. Independence has two runways (17-35 and 4-22), each 5,500 feet long and 150 feet wide. While the airport has VOR and NDB approaches, there is no ILS. Not yet, anyway. Cessna says it is willing to pay for an ILS installation, so it looked away on this particular requirement.

Of course, utilities are essential, and

potential environmental issues. While the company plans on complying with any and all environmental regulations, it didn't want to pick a site with any environmentally sensitive areas nearby. Once again, Independence filled the bill.

The new plant will also require an adequate labor pool and specialized training necessary to prepare workers for their new jobs. Independence, a town of 13,523, is typical of many Kansas communities in its educational, employment, and income demographics. Translated, that means that good jobs are scarce, and that its population

is more than up to the challenge of factory work.

While Independence got the nod, John Moore, Cessna's senior vice president of human resources and one of the five members of Cessna's site selection task force, was emphatic when he said, "There wasn't any single reason why we chose Independence. It was the whole combination of features that attracted us. Virtually every other community came at us with equally impressive incentives . . . but none of them came together quite the same way. The only thing we

knew for sure was that we were going to stay in Kansas. Cessna's always been a Kansas company, and we also felt we owed it to the Kansas congressional delegation that was so instrumental in getting the Revitalization Act passed."

Moore used to be an executive with the Collins Division of Rockwell International. There, he had pivotal roles in the construction of four new plants. The Independence move doesn't seem to faze him. In an interview, Moore sounded extremely positive about Cessna's new facility and outlined a very ambitious employee training program.

"First of all, there won't be just one plant at Independence," Moore explains. "There'll be three. One for manufacturing and assembly, one for paint, and one for flight operations. The total floor space should come to about 480,000 to 500,000 square feet, or almost as big as Cessna's current Pawnee and former Strother Field facilities put together." (Strother Field, in Strother, Kansas, was where most 152s and 172s were built until production ended in 1986.)

Word has it that the Independence plants will take up 60 of the airport's



***Cessna officials
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Independence once again bent over backwards to accommodate Cessna. The city fathers agreed to bring all utility lines within five feet of the new Cessna facility. Moreover, a new water supply system had recently been installed at the Independence airport, and a new wastewater treatment plant is scheduled for construction. On top of all this, the interstate highway between Wichita and Independence is scheduled for widening and resurfacing. The current two-hour drive that supply trucks will have to make between Cessna's Wichita facilities and the new Independence plant may shrink to as little as an hour and a half—another benefit.

Cessna also wanted to avoid any

1,433 acres. There's plenty of room for expansion, another probable reason for the Independence selection. In fact, 300 additional adjoining acres are immediately available to Cessna and may have already been staked out.

Cessna spokesmen won't give us a look at any architectural renditions of the plants just yet, claiming that plans haven't been finalized. They won't even say where the plants will be located on the airport grounds. "I think they'll be at the northeast side of the airport, north of the terminal building and adjacent to runways 17 and 35, but none of that's final," Moore said.

As for employees, Moore says that four Kansas schools—Coffeyville Community College, Independence Community College, Pittsburg State University, and the Southeast Kansas Vocational Technical School—have nominated representatives to help Cessna develop training programs. "This will be a state-of-the-art manufacturing facility," Moore says, "and we'll be using the latest ideas in manufacturing."

Delegates from the Cessna single-engine restart program have paid visits to the Ford Motor Company factory in Sharonville, Ohio, and the Saturn automobile assembly plant in Spring Hill, Tennessee, to learn how those firms have streamlined their work processes. The Ford and Saturn examples pro-

voked a nine-month internal study at Cessna. Based on that and other input, Moore says that Cessna has decided to use self-directed work teams, just-in-time inventory control, and a new kind of high-involvement work force.

Compared to the old-fashioned way of manufacturing, where bosses tell workers what to do and how to do it, the self-directed team approach is radically different. Under this scheme, workers are teamed according to work projects. It will be the workers who decide how the teams will function, what procedures they'll use, and what and how much materials are ordered. As the team concept matures, it's expected that workers will also make their own budgeting and personnel decisions. The goal, of course, is vastly greater efficiency, less cost, and a better motivated work force.

Six months before the manufacturing facility is built, Cessna hopes to have finished a new 8,500-square-foot training facility, designed to prepare prospective employees for this brave new work environment. Training "modules" will focus on sheet metal skills, blueprint reading, shop math, and various specialized tasks, as well as practice with teaming arrangements.

While the plant will create 1,000 new factory-related jobs in Independence (and 1,000 more in Wichita), its eco-

nomics effects extend far beyond employee paychecks. Moore asserts that 1,000 other jobs will be created in Independence and that there will be a "\$33-million to \$39-million increase in annual personal income" in the Independence area. "Overall, the household financial return on this investment by Independence will be on the order of 16:1, or \$16 for every dollar a family puts in," Moore said.

Cessna officials swear they're on track for a groundbreaking later this month. That's big talk, considering the official claim that the company doesn't know what the buildings will look like or where they'll be located. We'll learn all that at the groundbreaking.

Still, a visit to Cessna leaves you with the feeling of tremendous corporate optimism. Part is attributable to the progress on the Citation X project, which is nearing completion. But the single-engine team also exudes an unmistakable aura of infectious good morale. ("We want to do business in Independence for 40 years or more," Moore intones.)

Whatever the current status of Cessna's single-engine pipeline, what matters here is that the game has finally begun. And when those incredibly efficient workers turn out that first Skyhawk, that very historic airplane could be yours. □

EYES ON THE PRIZE

By now, most of the general aviation community has heard Cessna's lofty claim regarding the restart of its single-engine restart program. Here's the biggest boast: Cessna says it can sell 2,000 single-engine piston airplanes a year, for 10 years. Is this some new kind of corporate groupthink, or does the company really believe what it says?

It really believes what it says.

Now that the product liability issue has apparently been set on the back burner, Cessna's approach to piston singles has shifted from that of a moral crusade to one of pure commerce.

"We've studied the results of our market research, and all of it supports our re-entering the [single-engine] market," a Cessna spokesman said. "This will be a major opportunity for Cessna, Textron [Cessna's parent company and owner of engine-manufacturer Lycoming], McCauley, Cessna Finance Corporation, the Cessna Pilot Centers, and lots of vendors. Our earnings will grow, and so will our return on investment. We'll re-establish our market leadership and have a high potential for international sales, too."

One Cessna survey was sent to retail owners of all post-1977 model year Cessna

172s, 182s, and 206s. Another survey went to fixed base operators. Cessna took those results, inventoried their own statistics, then factored in the conclusions from an FAA forecast of the single-engine fleet size from 1998 to 2005.

Cessna's determinations? That the piston single fleet will remain at about 131,000 aircraft, but that 3,166 airplanes per year will be lost to wrecks, partings-out, and other unsavory paths of attrition. That other manufacturers—assuming current levels of production—will be able to cover only about 20 percent of that attrition. And, therefore, that 80 percent of the 3,166, or about 2,500 airplanes, represents a big sales opportunity for Cessna.

Then there are the Cessnas hard at work as trainers. Some 13,638 Cessna singles labor at that job, and who knows how many of them will need to be replaced in the next 10 years? Among today's 363 active Cessna Pilot Centers alone, 2,561 Cessna singles are in use. There are 125 colleges and universities with flight training programs, and all of them will need to replace their 1,585 singles (765 of them Cessnas) sooner or later. Then there are federal and state governments (with 1,750

Cessnas), the military (about 5,000 Cessna singles), and the Civil Air Patrol (with more than 500 Cessna singles).

With an average fleet age of 29 years, all the above aircraft are living on borrowed time, and Cessna figures that a market for 2,300 to 3,200 new Cessna singles per year is a safe bet. The company estimates that 30 to 40 percent of its new sales will consist of exports.

"Twenty thousand aircraft over 10 years is doable," the Cessna official said. "We won't get to 2,000 a year right away, of course. In 1996, we'll probably build 30 airplanes. In 1997, 1,200. By 1998, we should be at 2,000 per year."

These hypotheses count on some heady assumptions. One is that every old Cessna will be replaced with a new one. The other is that Cessna captures a near-monopoly on sales of all new singles.

Then there's the matter of price and manufacturing economics. When asked about Cessna's anticipated break-even point—the number of aircraft that must be sold to recoup the factory spool-up investment—Cessna would not comment. And price? "I couldn't even give you a ballpark price," the spokesman said. —TAH