

Doomed plant rises above turbulence

By [Eve Samples](#)

Palm Beach Post Staff Writer

Wednesday, February 21, 2007

STUART — Production was supposed to have halted more than a year ago at Vought Aircraft Industries Inc.'s plant here.

All 375 employees were scheduled to ship out or be laid off, and Vought planned to move its mammoth aircraft-parts assembly lines to Texas, ending more than 50 years of aviation manufacturing at Witham Field.

Vought Aircraft Industries Inc.

Owner: The Carlyle Group

President and CEO: Elmer Doty

Headquarters: Dallas

Total employees: About 5,900

Employees in Stuart: 210 (including 45 on contract)

Stuart plant: 416,000 square feet leased at Witham Field through 2009

Main assemblies in Stuart: Boeing 767 wing center sections, 777 inboard flaps, and doors for 747 and 737; Gulfstream G450 nacelle inlets; Raytheon Hawker 800 nacelle inlets and cowl doors

But what has played out is entirely different.

The Dallas-based manufacturer has added local workers during the past 12 months, even as it cut more than 1,100 nonproduction jobs nationwide.

During a visit to the Stuart plant this week, Vought's top executive said the plant will remain open indefinitely.

"The company is stabilized, and the Stuart facility's doing a wonderful job and has a bright future," said Elmer Doty, 52, who became privately held Vought's president and chief executive officer a year ago.

That has a lot to do with strengthening demand for Boeing 747s and 767s, for which Vought manufactures parts in Stuart, and a good deal do with Doty himself.

Within weeks of joining Vought from BAE Systems Inc. in February 2006, he determined that his predecessor's plans to shut down the company's Stuart and Nashville plants would not generate enough savings to offset the \$250 million to \$300 million costs of consolidation.

"It was painfully obvious by the time I came that those benefits were not occurring," Doty said.

So in March 2006, two years after Vought announced the closings, he put them on hold while looking for a long-term solution.

By then, 118 Stuart workers had been transferred, 82 had been laid off and 27 had quit. About 130 employees remained in Stuart after Doty joined Vought, and the workforce has climbed to 210, including contract workers, company spokeswoman Lynne Warne said. The long-term vision Doty settled on is to stay put.

But it's been a turbulent ride for employees.

Miles Davis, an electronic technician, has transferred three times during the past seven years. The 49-year-old moved to Stuart in 2000 after Vought announced it would shut its plant in Perry, Ga., then to Dallas in 2005 after the company decided to close the Stuart plant.

In a frustrating twist, he was laid off in Dallas as part of Doty's nonproduction job cuts and returned to the Stuart plant last year. The 16-year Vought veteran stuck with the company for his pension, he said, and he remained hopeful even as relocations took their toll.

"I thought if he was going to keep the plant open, then there was going to be a future here," Davis said of Doty's plans for Stuart.

But Doty and Paul Sandhu, general manager of the Stuart plant, conceded that some workers have become gun-shy after the shake-up.

"I think that trust is being established," Sandhu said. "Is it 100 percent there? I would say no. But I would say it's continuously improving."

Doty said the Stuart staff could expand as demand revives for Boeing's older 747s and 767s. Doors for the 747 and center wing sections for the 767 are two of the main products in Stuart.

"Two years ago, we would have said the future of the 747 is very limited," Doty said.

Now, the aircraft has been updated as the 747-8, giving it new life.

"It now appears clear that the 747's going to run clear into the next decade," he said. "We may be looking at some growth there."

And orders of the 767, which Vought feared would drop off a few years ago, also are stabilizing.

Boeing, Vought's biggest customer, is a top contender for a major contract to supply 767s to the U.S. Air Force for use as refueling tankers. Also, United Parcel Service Inc. placed a big 767 order this month.

Vought's bottom line suffered as the airline industry struggled to rebound after the Sept. 11, 2001, terrorist attacks, but Doty said he's cut annual overhead costs by \$100 million, in large part by eliminating 1,100 to 1,200 jobs. Vought, which is owned by the Washington, D.C.-based investment firm The Carlyle Group, reported losses of \$229.7 million in 2005 and \$155 million in 2004. Last year's results, which have not yet been reported, are likely to be better.

The UPS order and the Air Force contract stand to prolong the life of the 767, but it eventually will be replaced by more fuel-efficient aircraft, said Raymond Jaworowski, senior aerospace analyst for Newton, Conn.-based Forecast International Inc.

"The day of reckoning has been postponed, but it's still out there," he said.

Still, Doty is optimistic about the future of the Stuart plant, which he estimates accounts for 10 percent to 15 percent of the company's more than \$1 billion in annual revenue.

"If we're successful on the path we've charted, we would increase employment," Doty said. "And I don't think to be in the 300- to 400- employee range in two years is out of the realm of possibility."

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