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## Boeing's S.C. 787 decision: What will suppliers do?

Puget Sound Business Journal (Seattle) - by [Deirdre Gregg](#)

The ripples from **Boeing's** decision to locate its second 787 line in South Carolina are just beginning, but the decision will obviously affect the large network of aerospace suppliers in the Puget Sound region.

For those suppliers, the decision may not mean the loss of current jobs, but a lost opportunity for future jobs. Suppliers in the Puget Sound region will likely hire fewer new workers in the future than they would have if a second 787 line were built here, and might consider additional locations or satellite offices in South Carolina, observers said.

Despite the aircraft maker's geographically diversified supply chain, supplier locations close to the new North Charleston, S.C., site would likely have advantages in terms of logistics and communications, said Kevin Steck, chairman of the **Pacific Northwest Aerospace Alliance**, a supplier consortium.

South Carolina officials are certainly eagerly anticipating a boost to that state's aerospace supplier cluster. An article in the South Carolina newspaper The State proclaimed "Thousands more jobs may follow Boeing." The story noted that the BMW plant in Greer, S.C., which directly employs 5,000 people, supports about 23,050 jobs in the state.

A multiplier effect on that level seems unlikely, given the fact that Boeing already works with suppliers throughout the country. In fact, the aerospace giant already has about 80 suppliers in South Carolina.

"Will companies in your area pack up and move? That's going to depend on their business model and what's best for their customers," said Brian McDermott, vice president of supplier management at the Washington, D.C.-based **Aerospace Industries Association**.

Some suppliers might decide it's more efficient and cost-effective to have a site near the North Charleston production line, he said, but "With modern technology and transportation and infrastructure, it's not necessarily critical that it be in the same neighborhood."

As for existing BMW suppliers, it may not be easy for them to diversify to support aerospace as well.

"It's a very different business," McDermott said. Auto suppliers would need specialized knowledge, special certifications, and the excess work force and plant capacity to build different equipment.

Aerospace suppliers relocating or setting up shop in South Carolina would likely pay their workers less. Wages in the Charleston region are 12 percent less than in the Everett area, according to a **Deloitte Consulting** study commissioned by the Economic Development Council of Snohomish County this spring.

But the wage differential would likely be smaller than the oft-quoted figures of \$28 an hour for a Boeing worker in Everett compared with \$14 an hour for fuselage line workers in South Carolina.

Steck said the supplier base is primarily nonunion and a lot of costs have already been squeezed out in recent years.

The average wage "is probably more than \$14 and a lot less than \$28," he said.

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