

Soaring aviation 'cluster' hits turbulence

By Pamela Rust

Aviation has been a key component of Duluth's economic plan for more than 15 years. And it's grown steadily, supporting an estimated 1,700 jobs.

But bumps are emerging on the runway. Two of four aviation "cluster" hubs, Cirrus Design and Northwest Airlines, are losing speed.

Private plane manufacturer Cirrus Design, with more than 600 employees, is an economic driver for the region. But growth is leveling off and it may relocate its customer delivery center, taking away jobs and tourism dollars.

Northwest Airlines, employing 405 at its Duluth air frame maintenance center and 491 more at a reservation center in Chisholm, is reducing its flight schedule by 12 percent and laying off 4,900 workers. It's struggling to maintain solvency amid falling traffic, rising fuel costs and economic uncertainty.

Arrowhead Business Connection, a business recruiter for the region, has identified 2,343 full-time equivalent employees (FTEs) working in aviation-related jobs in Minnesota's seven-county Arrowhead Region (see chart Page 9B).

If nurtured effectively, the aviation cluster ultimately provides improved products and services, and more jobs.

That means industry, education and governmental players all must work together to reduce costs, develop supplier networks and address workforce issues.

"Cluster growth is in the suppliers," said Chris Maddy, director of Arrowhead Business Connection, funded by Northspan Group, Inc., a Duluth-based economic development organization for Northeastern Minnesota.

In November, it helped bring in HydroSolutions, a Cirrus Design supplier, and three employees.

Arrowhead also is targeting companies that produce



photo courtesy of Cirrus Design

Cirrus has sold more than 750 SR22 aircraft. Customers take delivery of their plane in Duluth, often spending several days in the area and spending tourism dollars.

Lower right: Northwest Airlines is facing serious financial issues as it struggles to avoid bankruptcy. Layoffs will affect its flight schedule and staffing at reservation and maintenance centers.

Lower left: Andrew Pokorney work on an SR22 shell. Cirrus creates its own molds for the plane shells, and has streamlined production to produce two planes per day.



photo by Pamela Rust



photo courtesy of Northwest Airlines

campaign to bring in more aviation suppliers,

Maddy said.

Local, state and federal governments have provided financial support to Cirrus and its suppliers. Local educational institutions offer pilot and maintenance technician training.

Duluth Mayor Gary Doty's aviation development plan encourages creation of an aviation-related consortium to help build the industry. But none of the aviation executives have organized.

Rather, the cluster hubs are largely self-contained, each dealing with its own issues. Here is a description of the hubs and their issues, and profiles of some suppliers.

Cirrus Design hub

Cirrus Design is well-known for its elite, single-engine four-seater private planes. At its Duluth operation, the company assembles airplanes from the ground up, extensively

But Cirrus executives are considering relocating the customer delivery center outside of Duluth, citing negative local press coverage of Cirrus crashes and fatalities.

"But no one mentions that we've had 25 to 26 million miles of safe transportation in these airplanes," said William King, vice president of business administration. "And it takes an experienced pilot to fly them properly," he said.

"Of the six fatal customer crashes, we believe five were under pilot control and were driven into the ground," said King. "The sixth one was out of control but the pilot chose not to deploy the parachute."

One of the plane's special features is its parachute. The one time a pilot in trouble deployed the parachute, it worked, he said.

While the company's riding high, sales are highly dependent upon affluent spenders with lots of discretionary income who can pay \$350,000 for what Cirrus executives call "personal aircraft." If Cirrus sales level off, so will those of its suppliers.

Cirrus moved to Duluth in 1994 with 35 employees. With 600 employees, it produces two planes per day. Composite components from its Grand Forks, ND production center are trucked in at the rate of 10,000 parts per month.

Cirrus already has delivered 750 planes and plans to produce 500 more within the next year with its improved