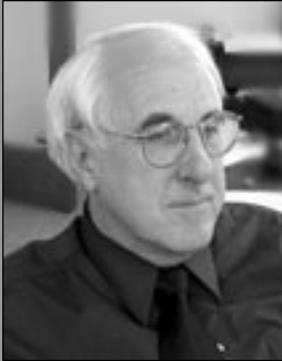


Skookum Abatement Services



PROFILE: JIM WESTALL

Jim Westall spent the 1970s as a third grade teacher and administrative assistant, began to concentrate on special education in 1980 — and two years later founded Skookum Corporation. Over the years he has received both the Outstanding Public Service Award from The President's Committee on Employment of People with Disabilities and the Jefferson Award for outstanding public service from the American Institute for Public Service, and he's been featured on both the Today Show and National Public Radio. Westall has an undergraduate political science and history degree (and a standard teaching certificate) from Western Washington University and an MBA from City University. He has traveled extensively worldwide, served on the Governor's Task Force on Disabilities, and has been a Board member for numerous local organizations, including the school district. He also continued teaching special ed classes until 1994. Westall is single, with two grown children.

“\$36 AN HOUR!”

Most people who work in a sheltered workshop earn minimum wage, at best. Employees of an affirmative business frequently do better.

But the people who work for Skookum Abatement Services are in a class by themselves. Less than 15 months after the company began, 23 of them were taking home annual salaries of \$70,000 to \$95,000.

“It's an incredible opportunity for at-risk people to join the middle class,” says Skookum CEO Jim Westall. “It's an amazing transformation to see someone who was on welfare three years ago make this kind of money. It changes lives. It truly does. The incentive to stay off drugs and show up to work on time is different when you make \$36 an hour than when you make \$7 an hour . . .”

GETTING STARTED

Skookum began searching for its next profitable business three years ago. It had already built a national reputation with its jump rope and game manufacturing business and was operating more than half a dozen small enterprises in western Washington, including a recycling business, janitorial services on two naval bases, a central issuing facility at an army base, a street and parking lot striping business, grounds maintenance crews, elder care programs and others.

“What we needed to do,” says Westall, “was to broaden our core competencies. We compete with other nonprofits for set-aside contracts with the federal government, and we needed to develop competencies our competitors didn't have. Otherwise expansion would be limited. Instead of competing head-to-head, we wanted to find competencies that took us outside what other people did.”

At the same time, serendipitously, Westall ran into a man named Paul Jackson, who had just sold his firm and retired after building one of the largest asbestos abatement companies on the West Coast. Jackson had no thought of returning to work . . . but he became intrigued with Skookum's mission, which is to create employment options for at-risk individuals. “We want to train people in a profession that gives them good employment for the rest of their lives,” says Westall. Today, at the age of 78, Jackson is managing the day-to-day operations for a \$5.7 million business at Skookum that registers a net profit of 6.8 per cent.

“Everybody is becoming more and more aware of the implications of having lead and asbestos in their environment,” says Westall. “People have an increased sensitivity to the

long-term environmental and health damages . . . and it's especially dangerous in the inner city, where it causes high levels of neurological damage among low-income people."

"WE CLIMBED INTO A LARGE HOLE . . ."

"In order to get started," says Westall, "we had to acquire a whole different level of skills. We really had to gear up. We had to train ourselves and then our employees. It took months and months of pretty intensive work, and we climbed into a large hole before we got out with our first asbestos abatement contract.

"But we were in it for the long haul. We spent almost half a million dollars buying equipment, traveling, buying people, getting people trained."

The first contract came from the Bremerton Shipyards in late 1999. Since then, Skookum Abatement Services has been involved in more than 50 projects. It has continued to gradually build the size of its staff and is now thinking about expanding beyond western Washington into the rest of the country.

A BLENDED WORK FORCE

At least 75 per cent of the people employed by Skookum in all of its businesses are classified by the federal government as severely disabled (both mentally and physically). The rest are what Westall calls "highly capable," including most of the abatement company's employees, who are typically able-bodied men ages 20 to 40 who were previously on welfare.

"It's a younger man's work," says Westall, "hard work. They're all suited up, hot, breathing through a respirator." He says attracting potential employees isn't a problem, "but they have to walk a pretty straight line. We have absolutely no tolerance for drugs or alcohol."

The abatement company also employs people who are developmentally disabled, finding work for them that capitalizes on their strengths. "They may be loading a truck," says Westall. "They're probably not running equipment. But whatever they're doing, they're doing it as well as you or I could."

Using a blended workforce is one of the secrets to Skookum's success. But the company sets very high standards for all its employees.

"We require everybody to really perform," says Westall, "and actually there's a lot of dignity in that, knowing what the expectations are and being able to achieve them, being in a workplace where you really feel valued. We benchmark

Jim Westall talks about . . .

- Developing core competencies that are different from your competitors
- Spending half a million dollars to launch a new venture
- Blending able-bodied workers with people who are developmentally disabled
- Setting high performance standards for all employees, regardless of disability
- The competitive advantage of being ISO certified
- The dangers of the "rosy scenario" complex
- The ability of "value rubs" to destroy your business



“We can’t screw up. We have very precise procedures. Everybody knows them, and we have a training plan in place so everybody knows exactly what they’re doing.”

everything, so people know how they contribute to the success of the company. That’s tremendously important for them, to know they’re part of something significant. And one of the things that always surprises me is that we can do almost anything if we can plan it out and train for it. It’s just incredible what our employees can do.”

CRITICAL SUCCESS FACTORS

In addition to having a **blended work force** and **setting high performance standards** for its employees, Westall believes there are at least four other factors that contribute significantly to the success of the company.

ISO certification: What sets the company aside from its eight competitors in the state of Washington is its certification as an ISO 9002 and ISO 14000 provider. The first is an international quality standard that has to do with a company’s internal processes. “You need to be able to verify those processes against an international benchmark,” says Westall. “You need to prove absolutely that you are doing what you say you are doing.” ISO 14000 is a set of international environmental standards. “You have to be able to document precisely what’s happening with the asbestos every step of the way, where it’s going, so it can be tracked for at least 20 years. Sometimes we can’t remove it, so our job is simply to encase it so it can’t be touched.”



SKOOKUM ABATEMENT SERVICES: *Employees don protective gear before entering a contaminated area.*

The ISO standards are rigorous, and that means “we can’t screw up,” says Westall. “We have very precise procedures. Everybody knows them, and we have a training plan in place so everybody knows exactly what they’re doing. We have about ten people on a crew, so that means we’re spending at least \$500 an hour just to have them show up. We have to know exactly what to do, get it done, be efficient, and do it in an environmentally sound way that is very prescribed and monitored all the time. The federal government is very particular about how these things are done.”

Being certified as an ISO provider gives Skookum an edge over its competitors and also reassures its clients. “Here we are,” laughs Westall, “telling them we’ll come in and do asbestos abatement – and that we’re going to hire the least capable members of the community to do it! In an area that has a tremendous liability for the customer and its future as a company! And they’re going to look at us and say, ‘Huh, sure you are!’ And we can say we’re one of only 320 companies in the state of Washington that are ISO certified and the only one that does asbestos abatement.”

“The biggest mistake was the timeline. We thought it wouldn’t take nearly the capital or the time. You know, the old ‘rosy scenario’ planning process. We kept digging into our capital.”

Planning: A second critical success factor for the abatement services company has been the need “to plan everything very, very closely.” According to Westall, “none of our projects can afford to go over estimate on labor or materials. We have to plan very closely and coordinate with our customers.” And that leads to another critical factor . . .

Knowledge: “We have to know what we’re dealing with at every level,” says Westall. “We have to know what’s new in the testing field, what asbestos does, what it looks like, what mold and lead look like, a thorough knowledge of exactly what we’re dealing with.”

Customer focus: Finally, Westall believes “all business is relationship business. We have to stay close to the customer. The customers have to see us as responsible, open, honest, dependable and reliable.” In fact, in a larger sense, customer focus is at the root of all Skookum businesses. “We constantly monitor the contracts going out from the federal government,” says Westall. “We monitor what our customers are doing to see where opportunities might fall for us. And we’re always changing depending on the kind of feedback we get. We view ourselves as a learning corporation . . .”

BIGGEST MISTAKE

The biggest mistake Skookum made in developing the abatement services business, according to Westall, “was the timeline. We thought it wouldn’t take nearly the capital or the time. You know, the old ‘rosy scenario’ planning process. We kept digging into our capital. But we revised our estimates every month and did some pretty tight planning.”

Westall has plans to grow the company significantly, “but it all depends on how large a company we can manage.” As always, the biggest obstacles will be “doing the right type of planning, making sure we have a trained work force and having enough capital and the right equipment.”

But perhaps the greatest obstacle Westall sees in running an affirmative business is what he calls “value rubs.” Sometimes, he says, “your mission — job creation — and the requirements of your business — sustainability — come into conflict. When they do, you have to depersonalize those conflicts and solve the problem.

Sometimes you have to make decisions about sustainability that are at least temporarily in conflict with your mission. You just *have* to do it. But in my work with other nonprofits, I've seen those value rubs absolutely destroy their businesses.”

FINAL WORDS OF ADVICE

Westall has four pieces of advice for nonprofits wanting to start a business venture: “Plan incredibly well, stay true to your mission, don't be afraid to hire people smarter than you are — and then let them go. Give them the freedom to operate. Use benchmarks to monitor their work — but get out of their way.”

Skookum Abatement Services

TYPE OF BUSINESS: Asbestos, lead and mold abatement services

Inspections, consulting, interpretation of regulations, training and projects (administration/design/oversight)

Mission: Job creation for "at-risk" individuals. *(the goals are to create meaningful work, fair compensation and a safe/healthy work environment)*

Year founded: 1998

Structure: A nonprofit subsidiary of a nonprofit

Headquarters city: Port Townsend, Washington

Geographic market: Washington

CURRENT FINANCIAL PERFORMANCE

(fiscal year ending December 31, 2000)

Annual sales: \$5,735,000

Net profit: \$392,000 (6.8 per cent)

SOCIAL RETURN ON INVESTMENT

Number of full-time employees: 45

Number of full-time employees drawn from "at risk" populations: 40

Number of part-time employees: 15

Number of part-time employees drawn from "at risk" populations: 15

Number of employees earning an average annual salary of at least \$70,000: 23

Average hourly salary for employees at an abatement site: \$36

INITIAL INVESTMENT

Planning time required before operations began: Two years

Dollars required before operations began: \$400,000

Source of planning dollars: Investment by parent corporation

Time until the business generated positive cash flow: Five months

Additional working capital required before generating positive cash flow: \$500,000

Source of working capital: Line of credit from Frontier Bank

Time required to recover planning dollars and working capital: Within first year

PARENT ORGANIZATION:

Skookum Educational Programs (*founded 1982*)

Mission: Job creation for "at-risk" individuals

Programs: Six business ventures and a variety of housing services. In addition to Skookum Abatement Services, the business ventures include Skookum Jump Rope Company, Skookum Environmental Services, Skookum Program Services, Skookum Eldercare and Skookum Contract Services

Annual operating budget: \$11 million

Number of employees: 243

SENIOR MANAGEMENT TEAM

Chief Executive Officer: Jim Westall

Chief Operating Officer: Ken Lynn

Director, Abatement Services: Paul Jackson

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