



Testimony of

Dustin Tillman
President & CEO
Elite Aviation Products, Inc.

“The New Faces of Manufacturing”

House Small Business Committee
Thursday May 12th, 2016

About Elite Aviation Products

Good morning and thank you for inviting me to testify before this committee. I am Dustin Tillman speaking on behalf of Elite Aviation Products, Inc. as its President & CEO. Bringing manufacturing jobs back to America is something that has always been very important to us as a company. This process has become affectionately referred to as “re-shoring,” and is a topic that has been garnering a great deal of attention in the mainstream media as of late. Elite Aviation Products is an American aerospace & defense (A&D) engineering and manufacturing company, and is a proud participant of the re-shoring movement. Elite was born through recognition that despite surging demand pressures in both the commercial aviation and A&D marketplaces, American manufacturing over the decades has been stifled by an overwhelming lack of investment in emerging technologies, a slowness to adapt business models with 21st century efficiencies, immense growth capital requirements as well as a lack of investment and prioritization of cross-trained workforces. By recognizing and addressing these issues, Elite Aviation Products has been able to quickly break into the Aerospace marketplace while creating domestic manufacturing jobs, and dispelling the myth that successful manufacturing in America is a thing of the past.

However, for Elite, and many companies out there just like Elite, there’s still a lot more work to be done so that our nation can reassert itself as the manufacturing powerhouse it once was. Many say that in our current socioeconomic environment, the vision that our country will be a nation of builders once again is all but attainable. Manufacturing operations tend to be one of the most capital intensive businesses to develop. Manufacturing requires large investments in real estate, machine tools, and human capital (employees) development and acquisition. These vast overhead costs has driven many corporations to take their operations abroad in order to improve their bottom line, and has discouraged countless others from attempting to venture into this space.

Weathering the Storm – The Challenges We Face

When starting or growing a business it’s challenging enough to continually position oneself for success. Business can often times be affected by capital constraints, cyclicity, market

uncertainty, difficulty developing and procuring proper human capital, change in the tastes and preferences of consumers as well as unfavorable or antiquated legislation.

Encouraging Growth in the Skilled Labor Workforce & Making Manufacturing Exciting

Throughout my career I was exposed to legislation whose intent was to protect small, minority owned, and disadvantaged businesses because government wanted to affect diversity amongst those qualified to support this work. Instead of creating jobs for the many, often times, over the years I've watched it allow very few to prosper to the detriment of those employees and customers who depended on these organizations for longer-term sustainable support. The reality is that often times those that fall within these parameters generally remain small, and are therefore unable to truly embrace the changing dynamics of the marketplace, which are demanding more and more from them. Many times, unable to evolve, these once protected businesses fall short and end up disqualified and out of business. While the intention of this legislation was benevolent, in my experiences it fails to achieve the desired growth and sustainability it set out to.

Instead of watching history continue to repeat itself what would be wonderful to see is emphasis placed not just on small, minority owned, and disadvantaged businesses, but also small and midsized businesses that are capable of growing through the empowerment and development of all its employees, not just those categorized. Rather than crafting legislation that only incentivizes select individuals to own a business, it would be encouraging to see legislation that supports and rewards those businesses who commit themselves to training, developing, and employing all skilled labor.

As a nation we also need to do a better job of accurately characterizing the multi-faceted and exciting careers that exist within manufacturing. Despite our talent as a culture for crafting top-notch media, we do a poor job at shining a spot light on the exciting and fulfilling career paths that exist within modern manufacturing; full of all the intricate and challenging dynamics that would enthrall and captivate the young workforce entering the job market.

Empowering our Nation's Heroes

For us, and many other businesses out there, the best pool of talent that I've been exposed to have been veterans. These highly trained individuals who possess key characteristics for success in business, e.g., honor, integrity, discipline, and leadership are right in our own backyards, and, from what I've seen, eager to get to work. Motivated to plunge into this untapped pool of talent, Elite Aviation Products founded the Elite Veterans Initiative, whose mission is to support, empower, and employ our Nation's heroes. What we discovered through this process is that often times while these individuals are out there keeping our borders safe they are unable to *build their resumes*, which often times is an important pre-requisite in the job market. Consequently, this often works against these individuals when they retire from active military and assimilate back into the marketplace. Because employers are not adequately incentivized to hire from this pool, unfortunately the net result is they pass for someone who has the resume that solves their immediate requirement.

Capital Requirements

As mentioned above, the amount of capital required to enter a marketplace like manufacturing (whether it be aerospace, automotive, or any other sector) is immense, particularly if a company is properly positioning itself for sustainable efficiency and long-term growth. The proper foundation of a modern manufacturer requires large investments in advanced machine tools (many small manufacturers work off slow, antiquated technologies and are unable to expand for this reason), expensive software systems, real estate, and a large amount of employee development and training. The amount of capital required and the lack of avenues to obtain this capital has precluded the growth and development of the workforce within the manufacturing sector.

With the introduction of the JOBS Act (Jump Start Our Business Startups) in 2012, more businesses have been able to obtain the capital they need in order to begin and expand. While at times a difficult and complex piece of legislation to navigate and fully utilize, this type of legislation is a big step in the right direction. Without this legislation, Elite Aviation Products would never have been able to procure the capital needed purchase the advanced machine tools, technology, develop human capital, and acquire the real estate necessary to create a modern manufacturing company. Continued simplification and support of legislation similar to the JOBS

Act is in our opinion one of the most crucial components in encouraging more Americans to start manufacturing businesses and thus create high quality jobs and development opportunities for many Americans.

Unlimited Opportunities for Growth

The world has entered into what's being referred to as the 2nd Golden Age of Aviation characterized by the simultaneous development of entirely new fleets of aircraft by all premier airframe manufacturers. As such, there's more backlogged work now than at any other time in the history of flight, and visionaries and industry moguls alike are seeking to expand this into the cosmos. The current supply chain supporting the A&D industry is unable to keep up with these demand pressures, which has left the door wide open to the flood of new young talent entering the job market. With so many opportunities now and into the distant future it is time for America to once again showcase its dominance. We have a tremendous opportunity to get it right and make a huge impact on society.

Call to Action

If during this 2nd Golden Age we are to make a significant impact and showcase our ingenuity as a country, aggressive legislation to incentivize programs related to job creation and lowering the barriers of entry to the manufacturing industry must be seen.

- Additional efforts to help place veterans and disadvantaged groups in training programs or positions in growing manufacturers
- Shift in focus from diverse business owner incentives, to incentives aimed at growing and sustaining diverse work forces
- Tax vehicles that incentivize reinvestment in newer more efficient machine tools and other technologies
- Continued support and simplification of legislation like the JOBS Act, which enable new manufacturing businesses to secure growth capital and create jobs
- Incentivize companies who hire fresh talent straight from trade-schools and community colleges

- Subsidized internships for students seeking career opportunities within the manufacturing sector

Thank you again for the opportunity to participate in this committee hearing.