

THE WALL STREET JOURNAL.

FRIDAY, AUGUST 8, 2014

© 2014 Dow Jones & Company, Inc. All Rights Reserved.



Teenage workers at Southwire's factory in Georgia earn \$9 an hour and spend eight hours a day in the company's classrooms. Above, Josh Porter, 16, builds a wire spool.

Factory Helps Teens Get Diplomas

By JONATHAN HOUSE

CARROLLTON, Ga.—Breonna Daniel, a onetime high-school dropout, was smoking pot and “hanging out with the wrong crowd” last year without a hint of concern for her future.

This summer, she is among hundreds of teens working on Southwire Co.'s factory line four hours a day, earning above minimum wage and spending eight hours a day in the company's classrooms. It is part of a novel program designed by the cable manufacturer to develop a skilled workforce and get troubled high-school students from the community back on track.

“I didn't really care about school or the situation I was in,” says Ms. Daniel, 17 years old. The program “changed me. I've grown up.”

The initiative by Southwire, a closely held company with 7,500 workers, is among the latest attempts by U.S. companies to produce what the education system too often struggles to deliver: high-school graduates with adequate workplace skills. Companies across the U.S. say that without better educated workers they will lose their competitive edge in the global economy.

The U.S. high-school graduation rate hit 81% in 2012, according to the latest data available from the Education Department. That's up from 74% in 2007, an improvement largely attributed to a reduction in teen crime and pregnancies. But American high-school students still lag behind their peers around the world in graduation rates, ranking 22nd out of 28 developed

countries tracked by the Organization for Economic Cooperation and Development.

U.S. corporations have become increasingly interested in investing in education to address the problem. In 2012, for the first time ever, schools at all levels received the largest share of cash and noncash corporate donations as donors sought to expand “the talent pool available to them in the future,” according to CEECP, a group of 150 chief executives promoting corporate philanthropy. Education maintained the top spot in 2013, with schools getting 21% of \$6.06 billion in total corporate donations.

Southwire, based here, an hour west of Atlanta and close to the Alabama border, has a long history of offering financial support to schools and other local

institutions. A few years ago it decided it wanted to play a larger role. Executives were increasingly alarmed by their difficulty finding reliable employees, a problem they attributed at least in part to an elevated high-school dropout rate.

Local school officials initially responded coolly to the company's interest in getting more involved. They suggested it could provide more money. “We would say, ‘We've been trying that and it isn't working, so we're going to do something different,’” says Mike Wiggins, a retired Southwire executive who runs the program for troubled teens.

At a factory on the outskirts of Carrollton, about 250 teens don protective goggles each day and package electricity cables of varying lengths and diameters for sale at retail outlets

(over please)

THE PUBLISHER'S SALE OF THIS REPRINT DOES NOT CONSTITUTE OR IMPLY ANY ENDORSEMENT OR SPONSORSHIP OF ANY PRODUCT, SERVICE, COMPANY OR ORGANIZATION.
Custom Reprints 800.843.0008 www.djreprints.com DO NOT EDIT OR ALTER REPRINT/REPRODUCTIONS NOT PERMITTED 49171

DOW JONES

like Home Depot and Lowe's. The program pays them up to \$9 an hour and offers guidance on developing positive attitudes toward work and school.

Southwire worked with the local school district to recruit students and to design an academic curriculum that complements what they learn on the factory floor. The idea is to bring abstract concepts to life to make them easier to understand.

Physics and chemistry classes, for example, include lessons on electricity and the properties of electric cables. Students learn to perform quality-control tests on cables at an on-site laboratory. Summer-school classes are held at the company's site, though during the year, students can elect to do their course work at their previous schools. Diplomas are awarded by the local school district.

Few companies get involved in education to the extent that Southwire has, according to Jan Rivkin, a professor at Harvard Business School. Together with the Boston Consulting Group, the business school recently surveyed superintendents across the nation about the extent to which they collaborate with corporations. The survey found that most school districts receive some form of support from businesses, but it is usually limited to donations of money and equipment.

"What we're seeing is wide engagement but fragmented efforts that only rarely actually strengthen the system," Mr. Rivkin says.

After an initial investment of just over \$3 million, Southwire's program is generating a small profit for the company while improving the graduation prospects of the economically disadvantaged students it targets.

When the program started in 2007, only about 56% of the students labeled economically disadvantaged graduated from local high schools. Four years later, in 2011, the last year for which comparable data is available, a large number of Southwire graduates had helped push the rate up to 77.1%. That year 20% of the 387 diplomas going to economically disadvantaged students were awarded to South-



Dustin Chambers for The Wall Street Journal

About 40% of the students pursue higher education, while about 18% take full-time jobs at Southwire.

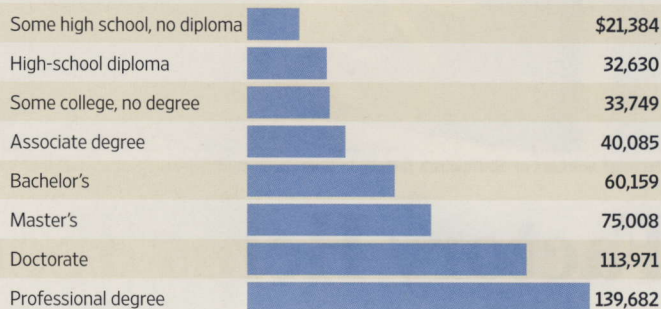
Dropout Woes

High-school dropouts face much worse employment and earnings prospects than those with higher levels of education.

Unemployment rate by education*



Mean earnings by education**



*Data are for age 16 and older, as of July 2014 and not seasonally adjusted. The overall seasonally adjusted unemployment rate was 6.2% in July.

Sources: Labor Department (unemployment rate); Commerce Department (mean earnings)

**Age 18 and older, 2012 data

The Wall Street Journal

wire students.

The program has also grown from 69 students in 2007 to 250 in 2014. In June, 114 high-school seniors graduated.

About 40% of the Southwire students go on to pursue higher education, while about 18% take full-time jobs at Southwire.

Jessica Henderson, a member of the most recent crop of graduates, joined the Southwire program after being suspended for drinking alcohol on a school bus. She says the program provides a much better learning

environment than her old school. Discipline is strict, and the program's applied-learning approach helps keep the students engaged. "You learn why you're learning," says Ms. Henderson, 18 years old.

For most of the program's participants, the money they earn also provides an incentive to buckle down and focus on what they are being taught in the classroom and the workplace. "That's one reason I like being here—because I'm at school, and I'm making a bit of money

too," says Rafael Rodriguez, an 18-year-old son of Mexican immigrants.

Mr. Rodriguez says both his parents, as well as an older brother and sister, dropped out of school because they needed money. "We've had hard times in our family," Mr. Rodriguez says.

Because they lacked educations, everyone in the family except his brother has been unable to find a good job. "I really want to graduate," Mr. Rodriguez adds. "The diploma is the only way out."



Southwire®

WE DELIVER POWER... RESPONSIBLY™