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Increase profits by helping community

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By Stu Thorn

In 2001, I became Southwire's third CEO and the first who was not part of the shareholder family. I was blessed to join an inspiring culture with a tradition of community stewardship.

Unlike my predecessors, though, the money I directed into charitable contributions wasn't mine, so I figured it would be best to propose criteria that might help guide future giving. I came up with three.

First, give locally. World hunger is a critical problem, but Southwire's contributions would be a drop in the ocean. Second, give talent. We have amazing people. By sharing them, along with our money, the impact would be so much more powerful. And third, support causes that have some positive benefit for Southwire.

By contributing to initiatives that help our bottom line, we generate incremental profits to fund even more community involvement — a virtuous circle. Shareholders, along with our Board of Directors, were concerned about that third criterion since it sounded a little selfish, but they agreed to let me experiment.

That led to our recent focus on education. Southwire's competitive advantage depends on the knowledge and quality of our people. They are what make us unique.

We were especially concerned about Carroll County's drop-out rate. At that time, one in three students starting first grade in the county would not finish high school. We hire only high school graduates, so every student who drops out reduces the size of the workforce we can draw from to drive our growth. We got together with community leaders, including the Carroll County schools administration, to partner and tackle this problem.

From that alliance, "12 for Life" was born.

It took some investment to get started. Southwire bought a local building and outfitted it to perform real manufacturing functions. The school system provided transportation and teachers. Together, we created a factory with a school house built right inside, and we staffed it with struggling high-school students who met three standards: poor grades, poor attendance and poor financial support. We wanted to increase the graduation rate, and that required us to focus on kids likely to drop out.

Carroll County schools, through the Georgia Work-Based Learning Program, began to count time worked in this factory as part of the school day. We agreed to pay the students well above minimum wage. The rest of their school day was spent in the classroom learning a traditional curriculum supplemented by life-skills training (for example, why their paychecks were smaller than they expected — taxes!) Employees volunteered to be mentors, and we provided tutors when needed.

In seven years, we have graduated more than 850 kids who would probably have dropped out. The county's graduation rate has jumped by 10 percentage points. The community has enjoyed more productive (and less dependent) citizens. And we, in addition to building our workforce as intended, have made money on the operation. The students are productive, motivated and proud they are part of a profitable business, not a charity. Everyone benefits. The small investment needed to get things going has already generated a very tangible and sizable payback.

Michael Porter, the well-known Harvard business professor, has cited 12 for Life as a leading example of what he calls "shared value" or "doing well by doing good." Sir Richard Branson is a little more blunt. He calls the concept, "Screw Business as Usual."

All I can say is, if it works for us in Carroll County, it can work for you. If you are an employer of any size in any industry, Southwire and Great Promise Partnership — a statewide initiative dedicated to fostering this program — would be more than willing to help you gain similar advantages. Give us a call, increase your profits, help your school system and help your community. Best of all, help some kids become productive adults.

What's not to like, and who's not to like it?

Stu Thorn is president and CEO of the Southwire Co. in Carrollton.