A message from our CEO

Setting the **GOLD STANDARD** for a culture of inclusion

Skills celebrated a **golden milestone** in 2016: our first 50 years in business.

Over the past 50 years, Skills has impacted the lives of thousands of people. We recognize that our success is the result of strong and lasting relationships with community partners. The list of partners is long... and includes customers, suppliers, donors, school districts, volunteers, other nonprofit community agencies... and of course, our employees, some of whom have been working at Skills continuously since the 1960s.

We are truly grateful.

Our emphasis on abilities, the right job fit, and high expectations aligns with best practices for inclusion that focus on what people **can** do.

When organizations embrace a culture of inclusion, talent pools grow. Working environments become healthier. Employees get the support they need to succeed. Teams collaborate to standardize, error-proof, and continuously improve work processes.

As a social enterprise and employer of more than 700 people, we demonstrate that an inclusive workplace isn’t just good for our people, it is a competitive advantage, a key to our long-term success.

In our daily conversations with other employers, we see the groundswell of support for a culture of inclusion where people who may be different from one another, including persons with disabilities, work side-by-side in an integrated work environment where everyone is valued for their abilities. Our increasingly diverse communities demand such an approach.

In the pages that follow, you will read inspiring stories about a few of our outstanding employees. I think you will agree, creating employment opportunities for persons with disabilities is a **golden opportunity** for us all.

Thank you.

—TODD DUNNINGTON, SKILLS INC. CEO

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**2016: A year of steady, **STABLE** growth**

**SKILLS INC. 2016 REVENUE**
- Manufacturing: $30.39m
- Finish: $25.82m
- Technical Services: $1.92m
- Other: $1.5m
**TOTAL: $59.63 MILLION**

**SKILLS INC. 2016 EXPENSES**
- Salaries & Wages: $30.19m
- Materials & Supplies: $14.45m
- Benefits: $3.87m
- Payroll Taxes: $3.10m
- Utilities: $1.7m
- Other: $4.91m
**TOTAL: $58.31 MILLION**

**Board of Directors**
Our Board of Directors is an accomplished group of community volunteers who share a **heart-of-gold** and a passion for increasing disability employment. Their experienced leadership helps fuel our success.

- Mark Fredericks – Chairman
- Doug Carroll
- John Dacy
- Barbara Hadley
- Sally Harter
- Rachel Jennison
- John Morse
- Mac Park
- Blair Rasmussen
- Matt Willkens
Always building on our STRONG foundation of people and partnerships

These 11 outstanding employees have each worked at Skills Inc. for more than 25 years. Combined, they have nearly 400 years of experience. With diligence and dedication, they take pride in their work and in sharing their knowledge with employees who join their teams.

One of our longest-tenured employees, JIMMY SPEARS joined Skills more than 36 years ago, working summers while in college. He started out doing a little bit of everything — drilling holes, sanding parts and working on brake forms before becoming a painter.

Jimmy had a knack for painting — still does — and naturally gravitated toward the leadership role he holds today: Paint Shop Supervisor.

“He’s a fantastic teacher,” says Jimmy’s supervisor, Mike Baker. “When he’s training new employees, he starts them out on simple, flat parts, coaches them through the process as they learn what they’re doing, how to get their thicknesses right — the nuances of painting.”

Leaders like Jimmy thrive at Skills because they embrace a culture of continuous improvement — where there are always new opportunities to do our work better, more efficiently and more consistently.

Like many of our longtime employees, Jimmy’s grateful for his many years at Skills — and he looks forward to providing continued leadership in the future.

“Who knows … I may stay until I’m 75!” he exclaims with a smile.
Proudly proving that
INCLUSION WORKS

Skills Inc. is a self-supporting social enterprise, a nonprofit where people with and without disabilities thrive in a work environment that values diversity and inclusion.

2016 DISABILITY DIVERSITY

- Emotional/Mental Health (211)
- Developmental/Learning (206)
- Physical/Medical (182)
- Hearing Impairment/Deaf (92)
- Visual Impairment/Blind (30)
- Other/Not Specified (47)

6 out of 10 Skills Inc. employees have a self-identified disability

Talented people shine within our
LINES OF BUSINESS

manufacturing & finish
We’re one of Washington State’s largest aerospace suppliers and among very few companies anywhere that fabricates and finishes parts for commercial and military aircraft.

technical services
We’re also diversifying the tech sector by placing on-demand software developers and other IT specialists at Microsoft and with other customers.

business solutions
We’re experienced and efficient with our business solutions line, meeting expedited deadlines when customers need to outsource high-volume projects like packaging, labeling and collating.
Our three **PROGRAMS** provide comprehensive and personalized employment assistance

**vocational services program**
In partnership with the Washington State Department of Vocational Rehabilitation, our vocational team fosters a process of career exploration and work readiness assessments that identifies each person’s strengths, abilities and interests.

**customized employment program**
This program offers in-depth training, job coaching and ongoing support for employees who need to work part-time due to their disability.

**aerospace internship program**
Special education students in three South King County school districts gain practical work experience in aerospace manufacturing and finishing while earning credit toward their high school diplomas.

**DISCOVER GOLD**
- Focus on **ABILITIES**
- Emphasize **JOB FIT**
- Maintain **HIGH EXPECTATIONS**
In 2016, **AEROSPACE MANUFACTURING** eclipsed **FINISH**

For the first time, aerospace manufacturing became our largest line of business. With new acquisitions of cutting-edge equipment, we’re adapting to the evolving needs of the marketplace.

Growth in manufacturing also fed growth in our aerospace finish line, where we chemically process and paint parts for Boeing and other aerospace customers. Lead times shrink and customers benefit when Skills does both the manufacturing and the finish.

**CHRIS ERICKSON** had to hit the ground sprinting when he joined Skills Inc., supervising a team of new employees using new technology for a new contract to make cargo bay floor panels for Boeing 737s.

Drawing on years of supervisory experience at another aerospace supplier, Chris focused on one set of challenges at a time, moved from one solution to the next, and in less than two months, had an entirely new system up and running smoothly.

It’s the first time we’ve ever done what’s called one-piece workflow, when raw material (a large sheet of aluminum) comes in the door, goes through a start-to-finish manufacturing and finish process, then gets shipped straight to Boeing, where it’s installed directly onto a plane.

“Everything’s done right here,” Chris says. “The technology is phenomenal. All the equipment is new — the routers, the CNC machines — everything was purchased just for this project.”

Chris has an open-door policy and encourages all his employees to share their ideas for improving systems, or to speak up if they need support to do their jobs better.

“It doesn’t matter if they have a disability or not,” Chris says. “I’m going to approach any problem the same way and work with people to figure out a solution.”
DIGITAL TECHNOLOGIES find a home at Skills Inc.

Highly skilled employees are finding new ways to optimize production processes.

MACHINE PROBING
Once the machining process is complete, the part is automatically inspected using a Probe to turn the CNC Machining Center into a CMM (Coordinate Measuring Machine). The inspection results are transmitted in real time to the Report Software installed on the connected Computer Work Station. Deviations from nominal that are out of tolerance are seen immediately by the operator allowing the process to be halted and the problem resolved while the part is on the machine – reducing unnecessary loss of time.

3D PRINTING
Our 3D printing capability allows us to prepare for production of new parts. The 3D printer can be used to make one or two simulated production parts for proving out tooling, check fixtures, and masking templates. In some cases, the tools and fixtures themselves are produced using reverse engineered digital data. The use of digital data to shorten production process development allows us to be more responsive to customers.

TREVOR MAHALIK first set his sights on becoming a programmer at Skills Inc. while touring our Auburn manufacturing facility as a new employee. When he asked what it would take to make that happen, the plant manager said five years as a CNC machinist on the factory floor.

Hired on as a deburr technician, Trevor spent his first year removing rough edges on airplane parts, then seized his first opportunity to move up to CNC machining. He put in his five years and learned how to run every machine with expert precision. He took a Skills-sponsored online training course, and in 2016 started programming one day a week, then two, until his dream job had come true.

“I feel more confident and capable because of those five years that gave me so much experience with so many machines,” Trevor says.

Manufacturing Plant Manager Dan Olson gives Trevor high marks for his initiative and determination.

“His future is bright—no matter how you look at it,” Dan says. “He’ll be successful in whatever he does because of his drive.”
NEW LIQUID PENETRANT INSPECTION LINE built for larger components

A new system of moving heavy aerospace parts through our non-destructive testing line allows us to take on larger and more complex jobs, reduces the risk of parts getting damaged, and improves worker safety and ergonomics.

Instead of lifting and lugging parts through the non-destructive line by hand, employees now use a semi-automated trolley — loading parts on and moving it from station to station.

We designed and engineered it with insights from one of the many lean manufacturing projects we’ve tackled as part of our work to continuously improve and streamline our systems and processes.
Like striking gold, our **VOCATIONAL SERVICES PROGRAM** finds great employees and matches them with jobs where they thrive.

We offer a wide range of employment opportunities to people with disabilities through our **Vocational Services Program**, including work-readiness assessments, internships, job placement and job coaching.

First, Washington State’s Division of Vocational Rehabilitation or another agency refers a job seeker to us. The person then begins a process of self-discovery and career exploration, working with us to identify their strengths, skills and interests. We help them gain a deeper understanding of their abilities and how to market themselves to employers.

Some get jobs at Skills, others at community partners that turn to us as they work to foster more diverse and inclusive environments for their employees.

**RICHARD BURKS** used to earn six figures as a manufacturing engineer — until the day he left work early to see a doctor about some pain in his shoulder and on the side of his face. He was stunned to learn he’d suffered heart failure.

Months later came surgery to implant a defibrillator that shocks him if his heart isn’t beating as regularly as it should.

Laid off by his former employer — they said his condition made it too risky for him to return to work in their facility — Richard wasn’t sure if he’d ever find a job that drew on his background as an engineer and machinist.

That’s when a state job placement specialist connected him with Skills, where he excels as a finish line engineer. He’s amazed and grateful to work in an environment where people with disabilities are **valued for their strengths** and never underestimated.

“Besides giving me an opportunity to get back to work, Skills has showed me an approach to treating employees that’s like nothing I’ve ever seen before,” Richard says. “They look for whatever contribution you’re capable of making and empower you to achieve your goals.

“It’s extraordinary.”
SKILLS TECHNICAL SERVICES is diversifying the tech sector with a goldmine of talent

We opened our own Skills Technical Services office in Redmond in 2016, which allowed us to ramp up our accessibility and usability testing of software and other technologies.

We’ve also promoted one of our longtime accessibility testers to an Assistant Recruiter position, which enables us to do even more outreach and screening to help Microsoft and other employers fill on-demand openings with contingent high-tech workers, with and without disabilities.

“We have this incredibly rich talent pool we’re managing,” says Cheryl Roe, Skills Director of Programs and Development. “Our goal is to deploy these highly qualified candidates in a very high-demand industry where there’s not enough supply.”

Using a screen reader that dictates the text on her computer monitor, KERI BRENT scans résumés and compares them to requirements for software engineering jobs and other high-tech positions we’re trying to fill for Microsoft and other tech companies.

As a recruiting coordinator, she’s playing a critical role in the work we do at Skills Technical Services to screen, interview and match highly skilled workers with high-demand jobs.

“At any given time, I’m working to fill 50 open positions,” says Senior Technical Recruiter Uli Corner. “Keri does a fantastic job at reviewing résumés, seeing what people’s skills are and if they match the requirements.”

Keri had 20/20 vision until her mid-teens and then gradually started losing her eyesight until age 27, when she could no longer see anything but faint shadows.

During her first year at Skills, Keri tested software, tablets, phones and other devices for accessibility and usability features designed for the blind and visually impaired. She still does that from time to time and likes contributing to Skills’ efforts to make technology more accessible.

“My confidence has definitely grown here,” Keri says. “I like to say I’m blind, I do a professional job, and I help technology get better and better for the blind.”
BUSINESS SOLUTIONS

adaptable workforce delivers scalable, cost-effective, quick-turn solutions

Our readily available and flexible Business Solutions workforce consistently meets tight deadlines for services like collating, packaging and shrink wrapping.

Whether assembling badge kits for Boy Scouts and Girl Scouts or filling bolt boards for Boeing, we deliver consistent and cost-effective workmanship, saving precious time and money for customers who outsource high-volume projects to our Business Solutions division.

For the first 10 years after his diagnosis, CLIFF BROWN’S life with multiple sclerosis didn’t change much. He kept working the same aerospace assembly job — until MS gradually started to slow him down.

“I was stubborn,” he recalls. “I’d say, ‘I can do that,’” then I’d make mistakes and have to say, “Well, I guess I can’t do that anymore.”

It was a demoralizing adjustment for a self-described “jock” who grew up playing football, baseball and basketball.

At Skills, Cliff appreciates working for an organization that focuses on what employees can do. When he needs a break from a Business Solutions job, he can take it. If he notices a change in the pace of his work, we discuss accommodations that might help him complete his tasks more easily.

“I feel needed, respected,” Cliff says. “I feel like I’m accomplishing something.”

Skills Inc. has a can-do attitude about providing accommodations to employees. It’s a lot easier and less costly than many realize. When our partners and customers see how beneficial inclusion is to our employees, to our business and to our community, they make inclusion a higher priority within their own organizations — opening employment opportunities to more people with disabilities.
HOLLY FRAMPTON began working at Skills as a paint helper. She thought it would be a temporary job, not the beginning of a career that would lead her down her own path to continuous improvement.

During the past six years at Skills, Holly has increasingly focused on process improvement and safety as she’s moved throughout business units at the company. While managing the inventory for paint operations, Holly led efforts to reduce environmental impact and increase workers’ health and safety while improving efficiency.

She went on to become our Occupational Health and Safety Specialist – guiding safety committees at each of our sites and problem-solving with plant managers and employees.

In her newest role as Continuous Improvement Coordinator, Holly works closely with operations managers throughout the business, identifying opportunities to improve systems and processes. This information and collaboration helps Holly plan and facilitate our lean events.

“I’ve been continuing to advance my career as I find ways to improve the facilities at Skills,” Holly says. “Working through all these departments has really helped me see the perspectives of a lot of different operators and help them better understand how changing the way we do things can set them up to be more successful.”

Year after year, we focus on and invest more in continuous improvement — for each line of business, for our programs, for our employees and ultimately for our customers.

All employees are exposed to the basic principles of lean manufacturing. Highly structured Kaizen events are held twice per month and 5S activities have resulted in work settings that are clean, organized and de-cluttered. Lean techniques are now being used by safety committees and shop foremen to reduce injuries.

Last summer we started facilitating our own continuous-improvement events, strengthening our leadership in lean techniques and removing waste from our production system.
When **CHRIS MANTELL** was accepted into the Washington State Aerospace Joint Apprenticeship Committee’s (AJAC) Manufacturing Academy, he was able to choose from a variety of employers. He picked Skills because of our commitment to expanding employment opportunities for people with disabilities.

“That’s how every workplace should be,” says Chris, who has served as the full-time caregiver of an adult daughter with Down syndrome. “People with disabilities aren’t any different from you and me. They have issues just like we all do.”

Chris had never considered a career in the aerospace industry until he was recovering from a back injury that forced him to leave his job in warehousing. During the AJAC pre-apprenticeship program, Chris divided his time between full-time work at Skills and classes in the evening.

He aced his classes, has excelled as a brake form press operator, serves as co-chairman of the Safety Committee at our Auburn manufacturing plant and mentors students in our Aerospace Internship Program (AIP).

We treasure employees like Chris, who draw on strengths that make them natural leaders as people and as professionals.

“You have to be open, patient and observant — and non-judgmental,” Chris says. “If you see something that needs to change, you can’t be afraid to put yourself out there, to speak up and to problem-solve.”
AEROSPACE INTERNERNiSH PROGRAM: panning for gold and developing the workforce of tomorrow

Since 2001, our Aerospace Internship Program (AIP) has helped more than 400 students with disabilities graduate from high school with valuable work-readiness skills and hands-on experience working in the aerospace industry.

Twenty-nine students graduated from our AIP program in 2016 — more than ever before. Working with skilled mentors and classroom instructors, those graduates entered the workforce with a solid foundation of experience in aerospace manufacturing and finishing.

We set them up for success as they move on to their next chapter in life — whether that’s a job at Skills, a position with another employer, college or another challenge.

MARK ALAZ flunked his first semester of high school.

“I didn’t really care about what I was going through,” he says. “Then I realized, ‘OK, I’ve got to graduate.’”

His teachers at Kentlake High School recommended our Aerospace Internship Program as a chance to sharpen his focus on math and science, his two strongest subjects.

He’s struggled with memory and attention problems since childhood, when he suffered a head injury in his native Philippines. At Skills, his teachers and mentors helped him develop a system of making lists with task-by-task steps each time he learns a new job.

Once he repeats the steps enough times, his confidence takes hold — just like at home where he plays video games and can maneuver every which way, barely thinking about each move he makes.

Now a full-time CNC machinist on our cargo bay floor panel work cell, Mark proves day in and day out that he is a valuable employee.

“He cares about what he’s doing and wants to learn more,” his supervisor Chris Erickson says. “He takes pride in his work.”
Making a lasting impact on our **COMMUNITY**, one partnership, one employee at a time

**Our mission extends far beyond the walls of our facilities.**

We want *every* employer to embrace a culture of diversity and inclusion that focuses on the unique abilities and strengths that every person brings to a workplace.

We collaborate with a growing number of partners, including Fred Meyer, Walgreens and Amazon, that work with our in-house job development and employment specialists to hire candidates with disabilities.

Acting as a liaison supporting both the employee and the employer, Trisha Bustos says, "It’s all about focusing on what makes a person successful. So it’s not about a disability. It’s about *enabling everyone.*"

Working three days a week as a parcel clerk at Fred Meyer, **SAM PRUSA** collects and organizes shopping carts, greets customers and helps keep the grounds clean.

A cheerful and funny guy, he likes his coworkers and appreciates that his supervisor goes the extra mile to make expectations clear.

"I don’t learn things the way some people do," Sam says. "I learn a lot through hands-on experience. Less explaining, more doing."

Skills Employment Specialist Trisha Bustos helped Sam develop his résumé, job interview skills and identify accommodations that would help him succeed at Fred Meyer, such as pairing him with co-workers in a buddy system to help him stay on task.

Some employers might see Sam’s attention deficit disorder (ADD) and autism as liabilities. With our support, Fred Meyer focuses on Sam’s abilities.

“As a manager, I always look forward to working with the fantastic people at Skills Inc.,” says Fred Meyer’s Julia Erickson. “We are so fortunate to get to work alongside energetic associates like Sam, who add to our diverse, fun, and engaging work community, which in turn makes Fred Meyer such a great place to work for everyone!”
THANK YOU to all the amazing supporters who make our annual Bowling with Bounds and Skills Inc. Golf Tournaments such fun celebrations of our cause. Your generous gifts open doors to rewarding employment and advance a culture of inclusion.

- 88 Keys Dueling Piano & Sports Bar
- A Contemporary Theatre (ACT)
- Adept Fasteners
- Aerospace Joint Apprenticeship Committee (AJAC)
- Anderson, Gilbert and Mary Jane
- Andrews, Alison
- Anonymous
- Argosy Cruises
- Aramark
- Arthur Murray Dance Schools of Puget Sound
- Artistic Solutions, LLC
- Baker, Rick
- Baillargeon, Bill and Astri
- Barre3
- BlackHawk Industrial
- Bounds, Dennis and Debra
- Brent, David and Keri
- Callaghan, Shelley
- Carroll, Doug and Marilyn
- Chambers Bay
- Charles Cotugno Photography
- Chateau Ste. Michelle Winery
- Chateau Westport
- Chateau Ste. Michelle Winery of Puget Sound
- Chihuly Studios
- Columbia City’s Ark Lodge Cinema
- Complete Office
- Copiers Northwest
- CorePower Yoga
- Corey, Andrew
- Dacy, John and Linda
- Donahoe, Patricia
- Druids Glen Golf Club
- Dunnington, Todd and Julie
- El Sombrero
- Elliott, Ruth-Ellen
- EMP Museum
- Ethan Stowell Restaurants
- Family Fun Center & Bullwinkle’s Restaurant
- Fite Auto Spa
- First Choice Health
- Flatstick Pub & Golf
- Foster, Jeannine
- Frank, Charlie and Pattie
- Frederick’s, Mark and Kim
- Fremont Brewing Company
- Furness, Ian
- Fury Consignment
- Game Works Seattle
- George, Bill and Marilyn
- Gerrard Beattie & Knapp
- Gilbertson, Gal
- Glassburn, Dick
- Glassburn, Richard and Kathleen
- Gorton, Lauren and David
- Group Health
- Hair Express
- Harms, David and Priscilla Armstrong
- Hayes, Bill and Janet
- Heathman Hotel Kirkland
- Heavy Restaurant Group
- Heeren, Larry and Mary Ann
- Heeter, Bill and Dorene
- Heffernan, Catherine
- Hedreen, Richard and Elizabeth
- Hiatt, Kyle and Natalie
- Hillards Beer
- Hoodsport Winery
- HRP Properties
- Hull, Gretchen
- In Memory of Curt Denning
- In Memory of Lexi Robbins
- In Memory of Todd Robbins
- Independent Bankers Insurance Services (IBIS)
- Inkwell Creative
- Inlay, Andrea
- Jameson, Ray and Barbara Hadley
- Jennison, Brian and Rachel
- Jones, Alison and Melissa
- Jonasson, Andrew and Genny
- Kenmore Lanes
- KING 5
- Kirkland Performing Arts Center
- Kiss, Gus
- Kohashi-Sinclair, Lois
- KJR 950 Sports Radio
- Kramer, Kristin
- Lamaine, George and Sue
- Larsen, Dan
- Lindquist, Heather Cook
- Linn, John
- Manini’s
- Marriott, Rich
- Marshall, Ronald
- Matthews Winery & TENOR Wines
- McMenamins Pubs & Breweries
- Metal Tech Inc.
- Microsoft Corporation
- Miller, Michael
- Moldrem, Ann
- Moldrem, Lisa
- Moore Ink
- Mowe, Lynn
- New Day Northwest
- Northwest Paddle Surfers
- Novelty Hill Januk
- Nowell, J. Roger and Elizabeth
- O’Donnell Foundation, The
- O’Hara, Pat
- OLLA Distillery
- Orr-Cahall, Christina
- Pacific Metallurgical Inc.
- Pacific NW Float Trips
- Pacific Science Center
- Package IT
- Park, Mac and Laurell Jamison
- Pavitt, William and Jerri
- Peddler Brewing Company
- Perkins, Ted and Kathy
- Price, John
- Pride, Bob and Sally Harter
- Pringle, Barbara
- Puget Sound Express
- Ragen, Brooks and Suzanne
- Rasmussen, Blair and Sarah
- Redmond Marriott Town Center
- Reiterman, Tim
- Roach, Patrick and Kathleen
- Robbins, Lexie
- Robbins, Spafford
- Roberts, Barbara
- Rock Star Tan Bar
- Roe, Ed
- Roe, Paul and Cheryl
- Rohrer Mechanical Inc.
- Rudd Company, Inc.
- Seafair
- Seattle Children’s Museum
- Seattle Seahawks
- Seattle Storm
- Seattle Theatre Group
- Seidensticker, Robert and Sandra
- Selway Machine Tool Company
- Silver Cloud Inn Lake Union
- Smith, Douglas
- Smith, Helen Langer
- Space Needle, LLC
- Stack Metallurgical Services, Inc.
- Stericycle, Inc.
- Strong, Dorothy
- Suquamish Clearwater Casino Resort
- Tacoma Rainiers
- Taylor-Turner, Tracy
- Tom Douglas Restaurants
- Topp, Elise
- Tysdal, Jerry and Sherry
- Uline
- Umpqua Bank
- Unchartered Waters Float Center
- Unexpected Productions
- Urban Float
- USI Kibble & Prentice
- UW Athletics Department
- Valley Buick GMC of Auburn
- Vertical World
- Vilaia, Tanni
- Vocational Services, Skills Inc.
- VWC, P.S.
- Ware, Leonard and Jeanne
- Wells Fargo Advisors
- Wells Fargo Banking
- Wenke, Jeri and Lola Mckee
- Willkens, Matthew and Diane
- Willows Run
- Wine Country Passport
- White, Lyn
- White, Tom and Lynn
- Wiley, Robert Jr.
- Wilke, Sarah
- Wilton, Peggy Allen
- Woodland Park Zoo
- Workforce Development, Skills Inc.
- Wright, Carol
- Wright, Mark
- Wyman Youth Trust

Skills
corporated

CREATING JOBS THAT CHANGE LIVES

715 30th Street NE
Auburn, WA 98002
206.782.6000
www.skillsinc.com