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## Aerospace alternatives: Area's manufacturers flex and diversify to meet industry's challenges

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Rick Taylor, vice president at Altek Inc., holds a piece of a military equipment part his company produced in Liberty Lake. It will be on display this week at the I-90 Aerospace Corridor Conference & Expo at the Coeur d'Alene Resort. (DAN PELLE/THE SPOKESMAN-REVIEW)

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Navigating a promising, yet troubled, manufacturing landscape will be the focus of an aerospace conference this week at the Coeur d'Alene Resort that hopes to both celebrate and emulate those companies that have thrived through disruptions, labor shortages and supply-chain issues.

The I-90 Aerospace Corridor Conference & Expo will focus on efforts and offer ideas about how Spokane-area companies can address those issues that continue to hamper their progress.

Much of the discussions will center around potential new markets those manufacturers can target, said Mark Norton, chairman of the Inland Northwest Aerospace Consortium, known as INWAC.

“Essentially what we have here is a network of contract manufacturers,” he said of area companies. “They are not making their own products, but they are making components for other companies.”

And those include parts that could be used on Boeing jets, Blue Origin rockets or even the fully assembled systems used by other manufactures that make medical supplements.

Kelly Maloney, vice president of communications for Liberty Lake-based Altek Inc., said most people don't know that Washington is a pioneer in the satellite industry.

“There is so much going on in space” manufacturing, Maloney said. “The worldwide satellite industry is very much centered in Washington state. We have the most operational satellites in low-earth orbit that were manufactured in Washington state than anywhere else around the world.”

Most of those were launched by SpaceX, based in Redmond. And Blue Origin, based in Kent, recently won a \$3.4 billion NASA contract to build a lunar lander named Blue Moon that is designed to put astronauts on the moon's surface.

“That is just one piece of it,” Maloney said. “A bunch of startup companies are developing rockets.”

One of the purposes of the conference is to show that small companies in Spokane can have a part in that future, she said.

“Historically, the supply chain was built around Boeing,” Maloney said, referring to local aerospace contractors .

“But the industry we are growing the most in is the space industry. The space industry is allowing these manufacturers to diversify and stay solvent and move into other areas as they still support Boeing.”

## **MAX disappointment**

The company where Maloney works, Altek Inc., was founded in 1974 and initially focused on making precision metal parts used in medical devices.

But the company diversified into injection moldings and eventually was relying on as much as half of its revenue to come from making parts for Boeing airplanes like the 737 Max.

“With the Max groundings, a good portion of Altek's work was no longer needed for a very long time,” Maloney said. “In order to overcome that, we needed to figure out different sources of revenue.”

The company is now making parts for drones, defense applications and satellites, although she declined to say specifically which parts for the satellite makers.

“We've got some other opportunities coming up that could mean that we could be making rocket parts,” she said. “That is something we are excited to move into.”

Norton, the INWAC chairman, said that Altek, which helped found the organization, is one of more than 50 area companies expected to attend the conference.

“The networking to find new business relationships is probably the key thing,” he said.

Norton said Spokane is emerging as what he calls a secondary aerospace cluster, much like a Huntsville, Alabama, or a Colorado Springs, where companies produce the parts needed to supply larger aerospace hubs like Seattle or Charleston, South Carolina.

The lack of available commercial space and real estate in Seattle, along with a logistics system that is plagued by congestion, makes a place like Spokane – basically a few hours' drive away – attractive.

“Those secondary markets aren’t quite as competitive for talent as what you see in Seattle or the main hubs,” Norton said. “And of course, I think with COVID, we got more comfortable doing remote meetings and working with teams that are separated geographically. That’s made it more feasible.”

Norton mentioned Altek’s experience with the 737 Max groundings as one of the focuses for the conference, which is to encourage local manufacturers to expand into new fields.

## **Salad dressing to biotech**

To that end, Norton is having Chris Henjum, president of Hydrfab Northwest Inc., of Spokane Valley, lead one of the discussions because of that company’s ability to turn one idea into dozens.

Henjum said his company was founded in 1995 and initially used its welding and design expertise to build conveyor belts and work platforms for local food and beverage companies.

“What really launched us into a full-time business was getting some opportunities with Darigold and Litehouse salad dressings in Sandpoint,” Henjum said. “Our entry into food and beverage ... was really sponsored by those guys giving us a chance.”

But other clients quickly realized that Henjum and his team could design myriad products to help them manufacture their specific products.

For instance, Hydrfab now can build what’s called processing skids, which are fully integrated systems used to do tasks as simple as filtering water up to “transporting different medium” used in creating medical supplements.

So, a company that started designing conveyor belts is now making precision prototypes used in the aerospace, space, defense and medical fields, Henjum said.

“The range of industries we serve is very broad,” he said. “I consistently get input from customers, colleagues and friends how surprised they are about all the things that get built in the Spokane area.

“We want to show Boeing, but we also want to show high school students what gets made in Spokane,” he continued. “We have a lot of talent and offerings.”

## **Workforce struggles**

Maloney, at Altek, said the company initially struggled but made finding good employees an emphasis and is now back to near-full capacity, with about 200 employees.

However, that company appears to be one of the few, Norton said.

“We are still in a high-demand, low-supply scenario. That’s the state across all of manufacturing and construction,” he said. “We are in need of pretty much every position, from engineering ... to factory workers and skilled trades.”

INWAC recently obtained a \$200,000 Evergreen Manufacturing Growth Grant from the state. With that money, the organization is working with the East Valley School District to create a manufacturing institute to teach welding, machining, metal- and woodworking to students.

“That’s part of developing the talent pipeline,” Norton said. “We are trying to capture and train those students who are not going to college.”

Developing local talent is also the theme for the conference’s keynote speaker, Norton said. He invited Jonathan Reynolds, the CEO of Milwaukee-based Titus Talent Strategies, to speak.

“What we found in this workforce dilemma is that it was always about recruiting,” Norton said.

With that competition for fewer workers, company officials realized that they have to work harder to retain good employees.

Studies have shown that the younger workers care as much about the company’s culture as they do their compensation, he said.

“That is one of the reasons we asked Jonathan to come. They have done a lot of work on that,” Norton said. “Not just the culture of the company, but how do you develop talent from within?”

“Workforce concerns have been the number one issue I’ve talked to business owners and managers about,” he said.

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