MEP • MANUFACTURING EXTENSION PARTNERSHIP

Saving Jobs Through Proactive Business Retention and Layoff Aversion Partnerships

The Workforce Investment Act (WIA) authorizes services and funds for dislocated workers as well as rapid response activities to facilitate a smooth transition to new jobs and careers when workers lose their jobs. Over the last decade, the US Department of Labor and state and local WIBs have sought to utilize WIA dislocated worker funds for layoff aversion – to prevent the layoff or minimize its scope and effect on both workers and communities. Companies and workers can be determined "at risk" of closing or necessitating layoffs for a variety of factors - from quality problems to management instability to declining sales - addressing these risk factors before they become acute increases available options and the likelihood of successfully averting layoffs.

The ability to provide layoff aversion assistance is clearly authorized in the Workforce Investment Act and in the final regulations, allowing dislocated worker funds to be used for:

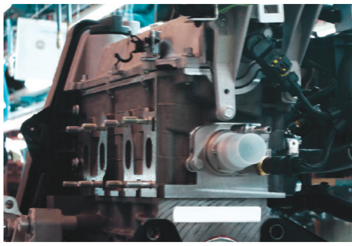
- Economic trends monitoring and creation of "early warning networks"
- Pre-feasibility studies
- Employee stock ownership plans (ESOPs)
- Incumbent worker training
- Linkages to loan programs and other business assistance programs

States and regions that have set up early warning networks and conducted collaborative layoff aversion initiatives involving multiple partners have identified companies at risk in the recession, assessed those risks, and identified options for addressing them. Strategies to address them might include reducing costs through process improvements, or reducing waste or energy use, or increasing efficiencies. Once costs are stabilized, the company can consider a variety of growth opportunities that involve developing new (possibly green) products, selling to new markets in the US or abroad, and innovating and using new green technologies in production.

Over the last decade, layoff aversion programs have operated in California, Pennsylvania, South Carolina, Oklahoma, Missouri, Michigan, New York, and other states. California in particular has been an exemplary model of collaboration between state and local resources, as well as workforce and business organizations, designed to achieve strategic business retention and layoff aversion goals.

For more information, please contact:

Mark Troppe
NIST Manufacturing Extension Partnership Program
mark.troppe@nist.gov
(301) 975-5745



2014

198 manufacturers engaged
2,654 jobs created and retained
$134 million in new and retained sales

California Layoff Aversion Program

Since 2009, the California Manufacturing Technology Consulting (CMTC), the MEP Center serving southern California, has worked collaboratively with thirteen different local Workforce Investment Boards and other partners to implement proactive business retention and layoff aversion programs focused on Southern California's manufacturing sector. With support from the state and local leadership, this effort has delivered impressive results in supporting manufacturers' efforts to survive and grow. CMTC works with local WIBs to implement a seven step plan for layoff aversion and business services:

1. Well defined program requirements and regional partnerships
2. Joint awareness and outreach to the manufacturing sector
3. Discovery meetings utilizing Business Scan™ and Early Warning Checklist review for identification of at-risk businesses
4. Custom business assessment to identify needed assistance
5. Gain customer commitment to job retention & agree to scope of services/implementation
6. WIB management approval prior to investment of funds for customized on-site lay-off aversion training & implementation services
7. Independent 3rd party survey to assess satisfaction, impact & jobs

This regional partnership between the Department of Commerce and the Department of Labor has been recognized as best practice in the January 2012 U.S. Government Accountability (GAO) Report to Congressional Committees "Workforce Investment Act - Innovative Collaborations between Workforce Boards and Employers Helped Meet Local Needs". (www.gao.gov/products/GAO-12-97

Success Stories

Accurate Dial is a 65-year-old company in Glendale, CA with three generations of workers represented among their 22 workers. They specialize in etched and engraved nameplates for the aerospace industry. Accurate Dial suffered a recent 25% reduction in sales, which put many workers in jeopardy. CMTC conducted an in-depth analysis of the business, with a focus on improved productivity and efficiency, better marketing/sales, and quality assurance. They implemented Lean Manufacturing principles, launching an IS9001 quality program recognized in the industry. Today, they are acquiring new contracts and were able to retain 10 jobs that were targeted for possible layoff. See http://www.youtube.com/watch?v=gpo8MP2OomE for more details.