



White Paper  
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## Workforce development: Successful Layoff and Re-employment Strategies

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*The workforce investment system is in the national spotlight with the emergence of two very big issues: the increasing knowledge and skills gap in the nation's workforce, and mass layoffs as a result of the current economic turmoil. And because these problems are so pervasive, it is important that local groups join with their region's leaders to draft strategies around helping workers find and get trained for new employment opportunities.*

*Our goal here is to*

- Provide some practical insight on how local workforce groups can take a data-driven approach to understand and deal with these problems, and*
- Offer three real-world examples you can use to create similar strategies in your own area.*

If you find this information helpful, would like to ask any questions, or need help crafting a strategy for your area, please contact us.

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## I. “Retain and retrain”: an introductory example of information in action

According to the Workforce Investment Act (WIA), one of the objectives for local WIBs is to **“analyze workforce information to identify targeted industries and plan for future growth.”**<sup>1</sup> That need has been magnified with the recent economic turmoil and growing weakness of the labor market.<sup>2</sup> To counteract job losses, it is vital for workforce groups to have a strategy for not only helping individual jobseekers but also forming broad strategies to address “big picture” issues involved in mass layoffs. That way, (1) employers don’t have unnecessary labor shortages, (2) displaced workers are moved into more “sustainable” careers, and (3) WIBs become an ever-more valuable asset to their communities.

A prime example of this comes from Lancaster County, Pennsylvania. When news broke that a major confectionary plant was closing its doors—in addition to major cutbacks from four other area plants—the Lancaster County WIB and its partners at the Berks County and South Central WIBs were dealing with a potential loss of 600 jobs, which, given today’s crisis, seems negligible. What we want to do is narrow in on what the WIBs did to **retain** and **retrain** the incumbent workers.

### 1. **First, the workforce boards filtered regional industry and occupation data to locate the best opportunities for the displaced manufacturing workers.**

Using labor market analysis from EMSI, they quickly identified the top-performing industries in the area sorted by regional concentration (*also known as location quotient*). Additional research led them to the food processing industry, and specifically **packaging technology** and **radio frequency identification** as two industries that were driving the productivity of the region.<sup>3</sup> This simple step cannot be emphasized enough. Far too often, it is easy to get bogged down with a multitude of considerations and competing ideas. In this case rigorously filtering the data to find the best industries helped the group see where they could reasonable focus their attention.

In addition, they again used regional data and analysis to look beyond basic job growth and decline and see replacement jobs<sup>4</sup> that account for a large number of jobs that need to be filled

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<sup>1</sup> <http://www.doleta.gov/USWORKFORCE/WIA/act.cfm>

<sup>2</sup> [http://www.economicmodeling.com/resources/550\\_ems-announces-customized-solutions-for-areas-facing-layoffs/](http://www.economicmodeling.com/resources/550_ems-announces-customized-solutions-for-areas-facing-layoffs/)

<sup>3</sup> [http://www.economicmodeling.com/resources/509\\_threats-of-job-loss-lead-to-innovation-in-south-central-pa/](http://www.economicmodeling.com/resources/509_threats-of-job-loss-lead-to-innovation-in-south-central-pa/)

<sup>4</sup> jobs projected to become available based on factors like retirements and outmigration

over the next few years.<sup>5</sup> The data indicated that while the growth in jobs related to technological advances was significant, the projected number of replacements needed was roughly three times that of the basic industry growth. As a result, ample justification was found for targeting this sector and retraining for these positions.

## **2. After identifying the pivotal economic drivers, the WIBs began to look for ways to train the incumbent workers.**

In this case, they discovered that the businesses needed workers with some mechanical/electrical skills, but more importantly were looking for a more multidisciplinary worker, **who also had some electronic skills and a little bit of information technology and programming**. As a result, the workers would need a little training before they could be employed in the new occupations.

The workforce boards helped the incumbent workers complete a 350-hour certificate program in industrial maintenance and mechatronics, which transfers into credit at a local community college and eventually to a very well-respected four-year program at Purdue University. In addition, a center of excellence has also been established in the area that focuses on how to train for high-skilled packaging occupations.

As a result of the planning and coordination of the workforce boards the workers will be qualified to take up careers in the higher-skilled, higher-wage occupations. And furthermore, the companies that comprise the area's packaging industry will be better off, too. The result is a win-win situation for both the workers, and the industries, and certainly because many of these workers were saved and transitioned into better local opportunities, the regional economy at large benefits.

### **Summary**

- By focusing on two local high-growth technology industries, which complemented the county's economic base, the displaced workers can find new, higher paying jobs and employers can draw from a larger base of higher-skilled workers.
- A data-driven approach to strategic planning is a crucial first step for areas in need of economic transformation and revitalization.
- To develop focused, well-coordinated efforts, it is also necessary for local workforce boards, educators, chambers of commerce, and economic development groups to be on the same page. In these cases, labor market figures are often a very persuasive tool.

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<sup>5</sup> For more, EMSI has written a data spotlight on the usefulness of replacement jobs: [http://www.economicmodeling.com/resources/740\\_replacement-jobs-a-key-component-for-finding-in-demand-jobs/](http://www.economicmodeling.com/resources/740_replacement-jobs-a-key-component-for-finding-in-demand-jobs/)

## II. The framework: impact analysis and workforce transition planning

So with this in mind, let's look at what to do at the local level and how to organize after a mass layoff.

First, the need for good workforce development practices cannot be understated. With layoffs mounting, a lot of pressure is on the workforce system, and local leaders must work to understand their particular problems and develop locally-based strategies for keeping jobs and workers in the region. Although the federal government can provide funding and aid, the problems involved with mass layoffs are usually best understood and dealt with locally, by people who have a vested interest in the survival of their community.

In the remaining sections we will walk you through some of the steps that practitioners in Ohio, Iowa, and Pennsylvania have taken and illustrate how to use data to understand and deal with mass layoffs.

### **A. Step 1: Assess the impact**

When a layoff is announced, the initial task for local leaders is to take a step back and assess the economic impact. What are the potential ripple effects? What other industries will be affected? What other occupations will be hit hardest? These sorts of questions are important to answer right away.<sup>6</sup>

In Lancaster, confectionary manufacturing had been an important economic driver for many years. Thus, everyone knew that there would be a significant economic impact if the major manufacturers shut down. In this case the workforce boards were able to step in and run a “what-if” scenario using EMSI’s web-based [economic impact tool](#)<sup>7</sup> to truly diagnose the real impact of such an event. Such analysis not only offers a true sense of the seriousness of the situation, but it can also allow communities to anticipate side effects of the initial event and even help to capture outside aid for the region.

In the example below we have produced a similar analysis for the loss of 100 jobs in *confectionary manufacturing from cacao beans* (NAICS 31132) to illustrate how this works. The report gives the total job and earnings change, sales/jobs/earnings multipliers, and the most impacted industries from the loss.

Note the high jobs multiplier (5.1), which means for every job lost in confectionary manufacturing, 4.1 others would be affected in various industries throughout the region’s economy. Thus, a loss of 100 manufacturing jobs means the total loss of 510 jobs in the region

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<sup>6</sup> EMSI’s Economic Impact allows you to perform this sort of analysis.

<sup>7</sup> <http://www.economicmodeling.com/webtools/ei.php>

Description	
Year	2007
Jobs Change	-510
Earnings Change (in thousands)	\$-23,043
Earnings/Worker Change	\$-5.97
Sales Multiplier	1.54
Jobs Multiplier	5.1
Earnings Multiplier	2.5

Source: EMSI Complete Employment - Fall 2008

## Largest Impacts

### Most Impacted (Jobs)

NAICS Code	Description	Change
311320	Confectionery manufacturing from cacao beans	-105
11A000	Crop and animal production	-88
930000	Local government	-15
445110	Supermarkets and other grocery stores	-11
722110	Full-service restaurants	-10
622110	General medical and surgical hospitals	-8
541990	All other professional and technical services	-7
493110	General warehousing and storage	-6
722211	Limited-service restaurants	-6
425120	Wholesale trade agents and brokers	-6

### Most Impacted (%)

NAICS Code	Description	% Change
311320	Confectionery manufacturing from cacao beans	-14%
311330	Confectionery mfg. from purchased chocolate	-1%
11A000	Crop and animal production	-1%

(direct, indirect, and induced). In this case the hardest hit areas will be **crop and animal production** (another 88 jobs will be lost because of the 100 in confectionary manufacturing), **local government** (15), **supermarkets and other grocery stores** (11), and **full-service restaurants** (10). So yes, the plant closure and other cutbacks added up to be a major setback. However, ingenuity on the part of the WIBs kept it from being a long-lasting roadblock.

In cases like this one, the workforce board can act as a sort of regional “doctor” to help the community understand what is going on and how it might affect everyone. These diagnoses are very valuable because they get everyone on the same page, and oriented in the right direction. Only with the proper understanding of the problem can local stakeholders begin to deal with it in the appropriate way.

## Summary

- A crucial first step in helping local businesses and workers get back on their feet is processing the right information so you can understand and communicate the likely impacts.
- Without knowing the industries and occupations that would be impacted by a downturn in regional business, planners run the risk of being unfocussed—not knowing who to engage and how to help.

- Furthermore, economic impact studies can prove useful even when local workforce boards or economic development groups simply want to ponder “what if” a particular company closed. If a company is thinking about relocating or downsizing, it’s good to know what the potential impact will be before the decision is made.
- Finally, if your region’s economic base (the industries that bring money and jobs into the region rather than just circulating money already present) is actually in decline, it is very important to understand and develop a new direction for the community (i.e. what other industries and jobs could be fostered) before things deteriorate too much.

## ***B. Step 2: A transition plan***

After evaluating the impact, the next step is to craft a transition plan. With a mixture of local knowledge, regional data, and compatibility assessments using O\*NET data, jobseekers can either be moved into a stronger sector, while keeping their same general occupation, or re-trained for different occupations. In addition, this information can even be used to attract new companies to the area based on a strong core of available skilled workers.

The latter example was accomplished in the well-publicized [case of Newton, Iowa](#),<sup>8</sup> where Maytag’s former corporate and manufacturing headquarters were closed. After roughly 1,900 workers were affected by the shutdown, regional leaders attracted at least six advanced manufacturing and high-tech firms. More than 1,200 new jobs have been created as a result.

Let us use another example to illustrate the point. Over the past decade, north central Ohio, like many other regions, has been bombarded by losses in manufacturing. To help, the area was awarded a simple \$250,000 planning grant from the DOL.<sup>9</sup> The grant was awarded in 2007 and since that time local planners have developed a solid strategy to combat the losses. The plans have largely been based on:

1. Data-driven analysis of the local impacts of the job loss, and
2. Assessments of compatible sets of occupations.

With this information the region has begun to understand the best way to move dislocated workers into other local employment opportunities, or use this data to attract or expand new industries that might be eager to employ the available skills sets. They are a textbook example of how other areas can turn the loss of a business or lots of jobs into a positive. [Follow this link to learn more about the work in Ohio.](#)<sup>10</sup>

Meanwhile in north central Ohio, one of the key outcomes has been that local leaders now understand that many of the workers displaced by the downturn in automobile manufacturing can

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<sup>8</sup> [http://www.economicmodeling.com/resources/650\\_iowa-town-reshapes-its-economy-with-data-focused-plan-partnerships/](http://www.economicmodeling.com/resources/650_iowa-town-reshapes-its-economy-with-data-focused-plan-partnerships/)

<sup>9</sup> [http://www.doleta.gov/whatsnew/new\\_releases/2007-11-08\\_1.cfm](http://www.doleta.gov/whatsnew/new_releases/2007-11-08_1.cfm)

<sup>10</sup> [http://www.economicmodeling.com/resources/788\\_white-paper-strategic-responses-to-layoffs-for-re-employment/](http://www.economicmodeling.com/resources/788_white-paper-strategic-responses-to-layoffs-for-re-employment/)

move into some of Ohio’s more stable manufacturing sectors. While local auto plants and suppliers have suffered through downsizing and a shortage of orders, there still is demand in various manufacturing sectors due to retirements.

Below is an example of a report, generated by EMSI’s [Career Pathways module](#),<sup>11</sup> which blends O\*NET data with labor market information to indicate the compatibility of occupations based on skills. The table demonstrates the best occupations for **Team assemblers** in a 9-county region<sup>12</sup> of north central Ohio to transition into based on job growth, hourly earnings, training needed, and compatibility. The time period is from 2007-2012.

Job Zone:	1	2	3	4	5
Description:	Little or No Preparation Needed	Some Preparation Needed	Medium Preparation Needed	Considerable Preparation Needed	Extensive Preparation Needed

Select All Deselect All

Trim Run Report

O*NET Code	Title	2007 Jobs	2007-2012 Growth	2007 Hourly Earnings	Job Zone	Yearly Turnover	Compatibility Index
51-2092.00	Team Assemblers	5,805	-189	\$13.23	2	121	100
51-7041.00	Sawing Machine Setters, Operators, and Tenders, Wood	151	14	\$13.71	2	3	98
51-2021.00	Coil Winders, Tapers, and Finishers	83	-10	\$15.72	2	4	97
51-4121.07*	Solderers and Brazers*	1,106	21	\$13.96	2	23	97
51-4122.00	Welding, Soldering, and Brazing Machine Setters, Operators, and Tenders	453	11	\$14.95	2	10	97
51-9022.00	Grinding and Polishing Workers, Hand	184	-10	\$12.25	1	4	97
51-9198.00	Helpers--Production Workers	1,498	-15	\$11.44	1	38	97
51-4121.06*	Welders, Cutters, and Welder Fitters*	1,106	21	\$13.96	2	23	96
51-5011.00	Bindery Workers	337	-96	\$16.07	2	12	96
53-7063.00	Machine Feeders and Offbearers	386	-25	\$13.11	2	13	96
37-3011.00	Landscaping and Groundskeeping Workers	1,361	92	\$8.81	1	18	96

Team Assemblers are projected to experience what you might expect—fairly significant job decline. But with minimal training, they can move into more stable occupations, albeit ones that don’t show lots of growth on the surface. Nevertheless, when replacement jobs are considered, the data show that plenty of jobs are going to be available. According to Tom Prendergast, director of institutional research at North Central State College in Mansfield, Ohio, “The number of replacement positions from retirees is going to more than offset the jobs being lost in manufacturing.”

As is the case with many transition strategies, it might be necessary for the displaced workers to re-train for different jobs showing high demand in the region. This is why business and WIBs

<sup>11</sup> <http://www.economicmodeling.com/webtools/cp.php>

<sup>12</sup> The counties are Ashland, Crawford, Huron, Knox, Marion, Morrow, Richland, Seneca, and Wyandot.

should partner with local educational institutions to analyze the skills necessary for in-demand jobs and design curriculum to get jobseekers trained.

### Summary

While there are serious ramifications for a community after a major layoff, workforce boards should work hard to understand the problem and how they can use it to strengthen both the employer and employee communities. Such efforts take ingenuity, planning, patience, and the right mix of regional labor market and O\*NET data and analysis. Finally, by analyzing crosswalks between occupations and industries and developing a transition strategy, WIBs and their One-Stops can make sure their area's labor pool, businesses, and educational centers are working together to bolster the community's economic base.

### Conclusion

Our nation is currently experiencing unprecedented economic problems caused by the triple threat of a shattered housing market, a credit crisis that has shaken financial markets, and most recently extensive job loss. These problems could take quite some time to be resolved, and in the meantime workforce groups can be a big part of the solution—if they employ their local knowledge to understand and serve the needs of workers who need the right skills and good jobs and businesses who need well-trained workers.

One of the workforce system's best tools for getting things done is regional data and analysis. From dealing with the needs of local businesses to developing training programs to responding to layoffs, many strategic tasks need to be informed by local workforce and economic data. With the poor shape of the economy and labor market, it's vital to make decisions based on actual figures instead of commonly-held opinions or anecdotes. Whether assisting a single laid-off worker at a One-Stop Center or prepping for a mass layoff in a key local industry, it's imperative to have a game plan in place. A key part of any response strategy is, first, assessing the impact of a dislocation for your community and then formulating a transition plan to fit the career seekers into high-growth, high-demand occupations, while keeping a focus on economic development and industry recruitment in order to ensure that a stable economic base exists. To accomplish this, data-driven partnerships between WIBs, employer organizations, educational institutions, and economic development groups are essential. With a structure in place, there's a better chance that businesses' needs are being met and jobseekers are getting the training they need to be successful. Sheely, the head of the Lancaster County WIB, described it this way: "Part of being aggressive is having good data. Everything we've done strategically has been based on data; we're very data-driven in terms of what business is saying to us and where that will take us."

For WIBs that are equipped with the right tools, significant layoffs or even closures don't have to be devastating. And with an abundance of information and resources available, everyone from rural to urban areas can help drive the productivity of their economy and workforce.



One final word on recent federal efforts to spark economic recovery. There has been much debate over the ability of the Obama administration's enormous stimulus package to create any lasting economic change or job creation. This spending has been proposed and is being passed so rapidly that local regions and states are still struggling to understand where and how the money is going to be spent. Instead of confusion about this quick infusion of federal dollars, solid strategies need to be implemented. To this end, workforce boards can be very helpful if they band together with their education and business communities, bring regional data to the table, and have some very clear and concrete plans on how they will use the money to counteract unemployment and failing industries and create local, long-term employment opportunities. *To read more about this stimulus package follow these links:*

- (1) [Assessing the Impact of Green Projects](#) <sup>13</sup>
- (2) [Detailing the "Stimulus Package"](#) <sup>14</sup>

If you would like more information, need help crafting your own local strategy, or would like to take a closer look at our data and analysis tools to see how you could apply them in your region, please contact us.

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## About EMSI

Economic Modeling Specialists Inc. (EMSI) is a professional services firm that offers integrated regional data, web-based analysis tools, data-driven reports, and custom consulting services. EMSI has served thousands of workforce, education, economic development, and other policy professionals in the U.S., Canada, and the United Kingdom, and the company's web-based **Strategic Advantage** research and analysis suite is used by over 2,500 professionals across the U.S. For more information, call (866) 999-3674 or visit [www.economicmodeling.com](http://www.economicmodeling.com).

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<sup>13</sup> [http://www.economicmodeling.com/resources/1003\\_which-green-project-is-best-for-your-region/](http://www.economicmodeling.com/resources/1003_which-green-project-is-best-for-your-region/)

<sup>14</sup> [http://www.economicmodeling.com/resources/943\\_detailing-the-stimulus-package/](http://www.economicmodeling.com/resources/943_detailing-the-stimulus-package/)