

Impact & Reemployment Analysis

Layoff Magnitude: 300 Jobs

Company: Steelcase, Inc.

Industry: Office Furniture Manufacturing (exc. wood)

Region: Grand Rapids-Wyoming, Michigan MSA



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Introduction

In November 2008, Steelcase Inc. announced it would lay off 300 workers from its office furniture manufacturing plant in Grand Rapids, Michigan.

The analysis contained within this report will provide important information concerning the impact of these layoffs on the economy and workforce, as well as potential reemployment opportunities for displaced workers.

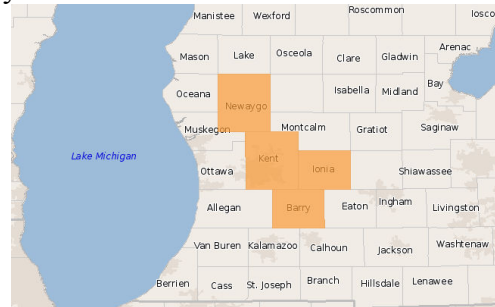
Industry

Office Furniture, Except Wood, Manufacturing (NAICS 337214):

This U.S. industry comprises establishments primarily engaged in manufacturing nonwood office-type furniture. The furniture may be made on a stock or custom basis and may be assembled or unassembled (i.e., knockdown).

Region

The Grand Rapids-Wyoming, MI MSA consisting of Kent, Ionia, Barry and Newaygo Counties will be impacted by the layoffs.



Layoffs as Percent of Industry and Industry as Percent of Sector

The manufacturing sector in the Grand Rapids-Wyoming, Michigan MSA employs 71,074 people in 2008. Of those, 3,440 are employed in the office furniture (except wood) manufacturing industry.

Figure 1: Layoffs as Percent of Total Office Furniture Mfg. (exc. wood) Industry

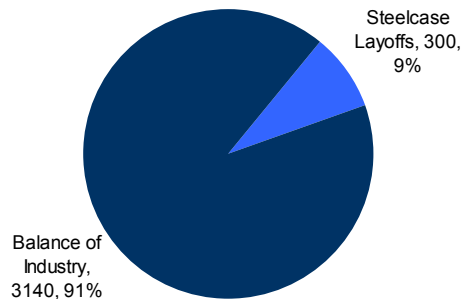
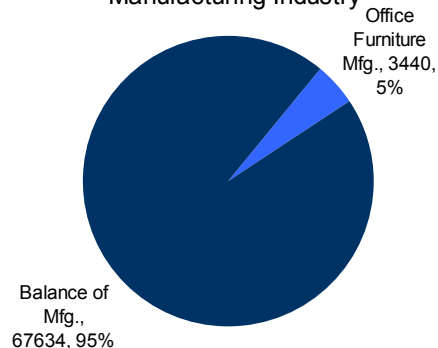


Figure 2: Office Furniture Mfg. (exc. wood) as Percent of Total Manufacturing Industry



Source: EMSI Complete Employment, Fall 2008 Release v. 2

Economic Impact Analysis

An economic model for the Grand Rapids-Wyoming, Michigan MSA indicates a loss of 300 jobs in the Office Furniture, Except Wood, Manufacturing industry would result in a total jobs loss of 489 jobs and over \$31 million in regional earnings.

Direct Impacts

The region is expected to lose
300 Jobs
 associated with
\$24,600,000
 in regional earnings.

Indirect & Induced Effects

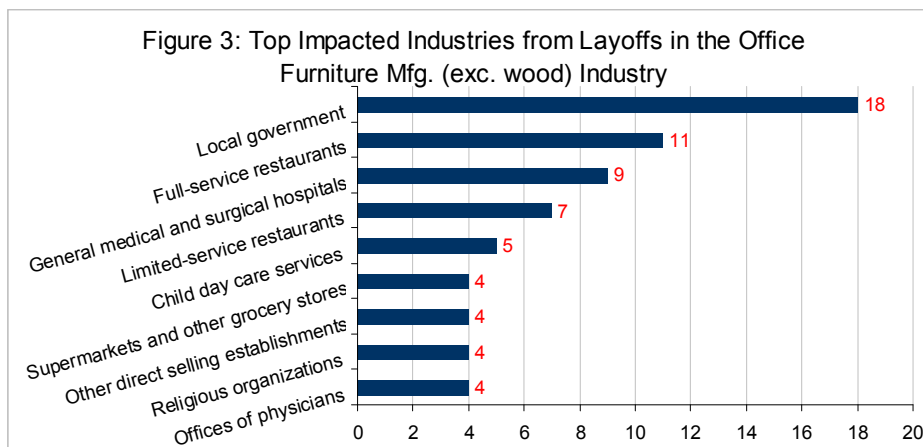
Other regional industries will be impacted by this job loss resulting in the loss of an additional
189 Jobs
 associated with
\$6,780,000
 in regional earnings.

Total Impacts

Losses from direct impacts combined with indirect and induced effects will total
489 Jobs
 associated with
\$31,380,000
 in regional earnings.

Multipliers

Impacts are based on a calculated job multiplier of
1.63
 and an earnings multiplier of
1.27



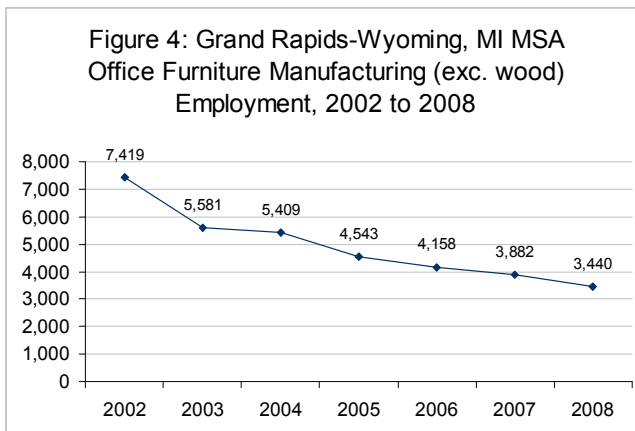
Source: EMSI Economic Impact and Complete Employment, Fall 2008 Release v. 2

Systemic or Acute

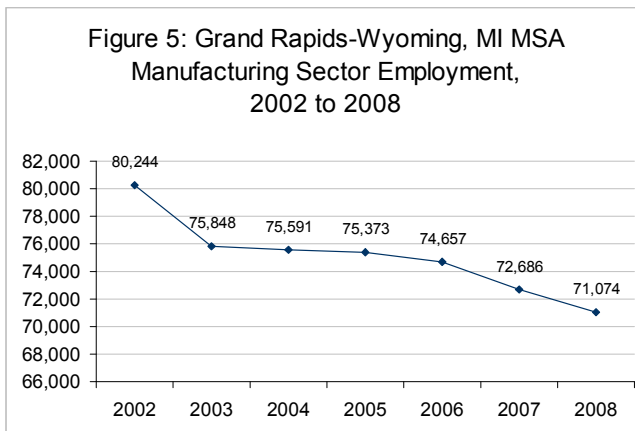
In order to respond appropriately to a layoff situation, it is important to know if it is an isolated incident or part of a larger economic trend.

Historic figures show a five year decline in the Manufacturing sector with employment falling from 80,244 to 71,074- an 11% drop. Employment in Office Furniture, Except Wood, Manufacturing industry followed a similar trend with rapid decline (almost 2000 jobs) between 2002 and 2003 followed by steady decline (about 400 jobs per year) from 2003 to 2008. Overall, the industry shed 54% of its workforce over the six year period.

Overall, the data indicates that the layoffs in the Office Furniture, Except Wood, Manufacturing industry and Manufacturing sector are a *systemic issue* and that additional layoffs are likely. Projections for the region support this conclusion, showing an additional 53% decline expected over the next five years.



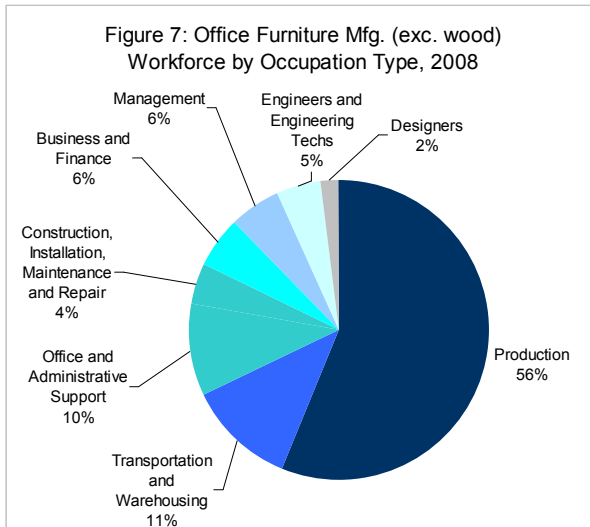
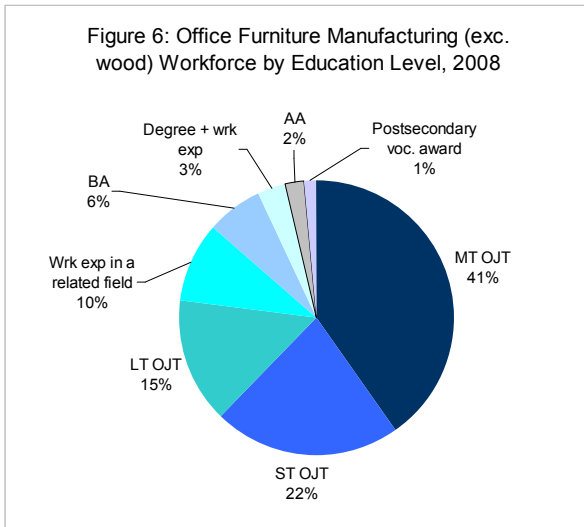
Source: EMSI Complete Employment, Fall 2008 Release v. 2



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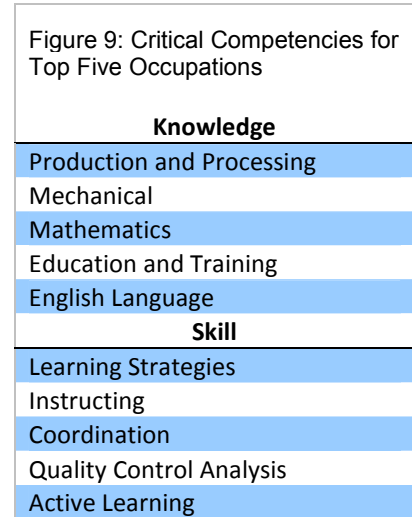
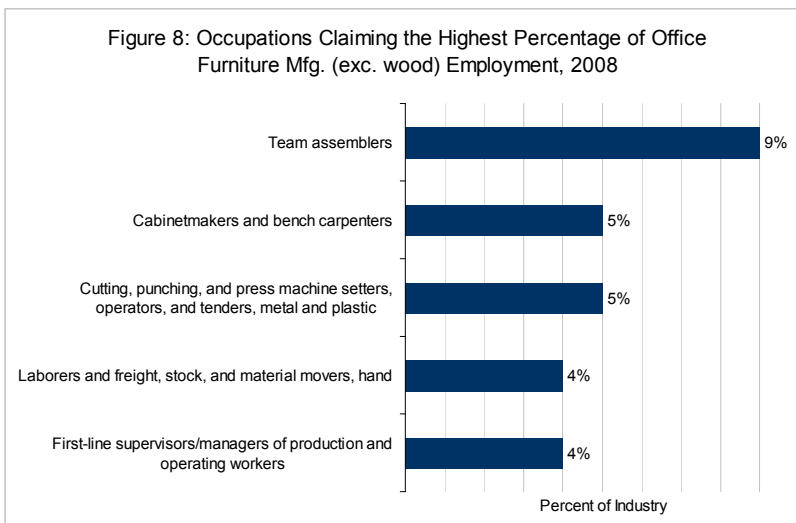
Workforce Analysis

In order to explore potential career transitions for workers displaced by layoffs, it is important to identify which occupations they are employed in, their education level, and their knowledge, skills, and abilities. Figure 6 shows that over 75% of workers in the industry are prepared for employment through on the job training, with the majority requiring only moderate term on the job training. Only 12% require some form of postsecondary education. Fifty-six percent of workers are employed in production occupations.



Source: EMSI Complete Employment, Fall 2008 Release v. 2

Over 25% of the industries workers are employed in the top five occupations, with almost 10% serving as Team Assemblers (Figure 8). *These are the occupations most likely to be effected by layoffs in the industry.* Figure 9 displays the competencies possessed by the top five occupations.



Source: EMSI Complete Employment, Fall 2008 Release v. 2 and U.S. Department of Labor, Bureau of Labor Statistics O*NET Program

Reemployment Analysis

Workers displaced by layoffs and business closures often find it difficult to find reemployment quickly and in positions with competitive wages. Real costs, opportunity costs, and availability of postsecondary programs are just a few of the barriers to significant career changes requiring additional education. This section of the analysis uses regionalized staffing patterns and O*NET data to determine potential career transitions for the top five occupations impacted by layoffs in the Office Furniture Manufacturing (exc. wood) industry (Figure 8).

O*NET

The O*NET program is the nation's primary source of occupational information and contains information on hundreds of standardized and occupation-specific descriptors that measure knowledge, skills and abilities. The O*Net database is continually updated by surveying a broad range of workers from each occupation.

The analysis of transitions cover:

1. Whether the displaced workers can find work in other regional industries employing workers in the same occupational category (e.g. a team assembler moving from the household appliance industry to the wood product industry); or,
2. Whether the knowledge and skills inherent to an occupation are transferable to other related occupations (based on EMSI's Occupational Compatibility Index) or if specific competency gaps exist.

Competencies

The term "competencies" refers to the three categories of "knowledge, skills, and abilities" used in O*NET occupation profiles. Knowledge refers to academic attainment in various subjects such as math, science, biology, English, and so on. Skills refer to areas of applied and experiential knowledge, such as "time management," "reading comprehension," or "critical thinking."

Occupation Compatibility

Occupation compatibility is the similarity between two occupation's O*NET competencies. This analysis calculates the compatibility of two occupations by comparing their O*NET skill and knowledge profiles, which contain two scores for each competency element (e.g., Mechanical knowledge): the attainment level and the importance level. Our algorithm uses the differences between competency levels, weighted by importance levels, to determine how compatible two occupations are. Several assumptions are made in calculating compatibility:

- The desirability of transitioning workers from one occupation to another decreases exponentially as the distance increases between a source occupation's O*NET score in one category and the target occupation's score in that category.
- Over-qualification is just as much of a problem as under-qualification for a worker moving from one job to another.

Note: Because this is a sample analysis, only one occupation (Team Assemblers) will be analyzed for potential transitions.

Team Assemblers (SOC 51-2092)

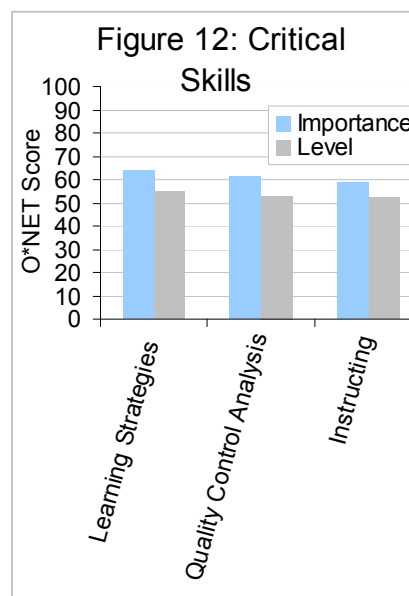
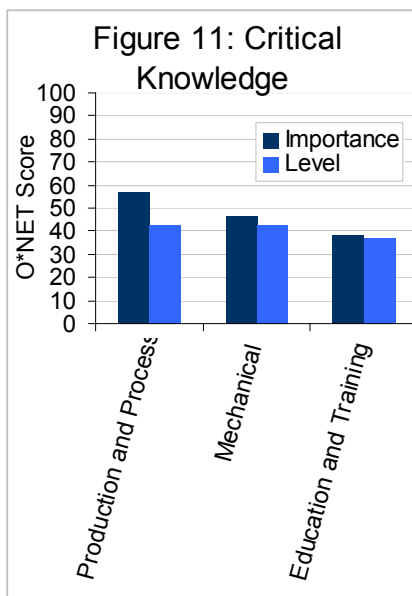
O*NET definition: Work as part of a team having responsibility for assembling an entire product or component of a product. Team assemblers can perform all tasks conducted by the team in the assembly process and rotate through all or most of them rather than being assigned to a specific task on a permanent basis. May participate in making management decisions affecting the work. Team leaders who work as part of the team should be included.

Alternative Job Titles: Assembler, Assembly Line Machine Operator, Assembly Operator, Assembly Line Worker, Assembly Associate, Certified Composites Technician (CCT), Operator Technician, Production Line Worker, Assembly Inspector, Assembly Technician

Occupation Overview

Table 10: Team Assembler Statistics

Employment in Target Industry	325 Jobs
Percent of Target Industry Employment	9%
Projected 5 Year Change within Target Industry	-172 Jobs
Projected 5 Year % Change within Target Industry	-53%
Employment within All Industries	6763 Jobs
Percent of Total Industry Employment	1.4%
Projected 5 Year Change within All Industries (New Jobs / Replacement Jobs)	217 Jobs / 713 Jobs
Projected 5 Year % Change within All Industries (Region/State/Nation)	3% / 0% / 4%
Median Hourly Earnings (Region/State/Nation)	\$13.74 / \$12.51 / \$11.90
Education Level	Moderate-Term On-the-Job Training



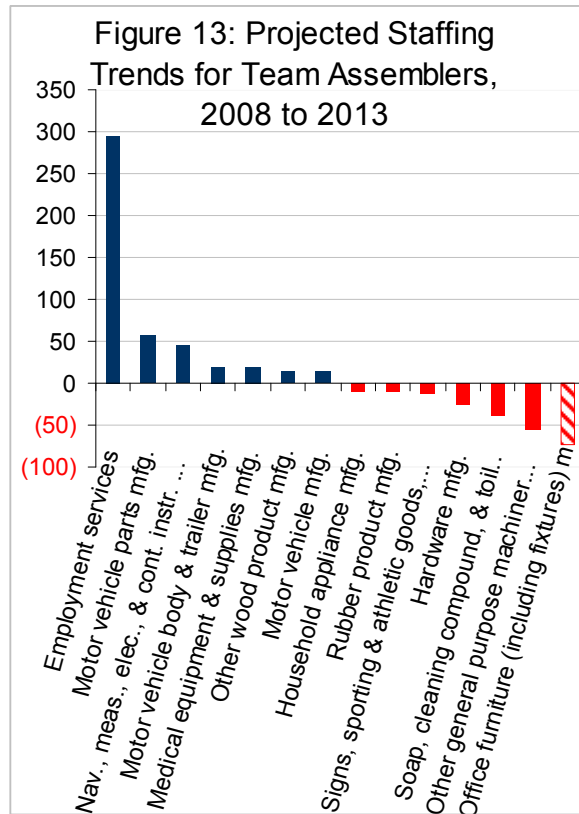
Transitions to Other Industries

The first option to consider when exploring reemployment opportunities for displaced workers should be transitions to other industries. Workers who can find other industries that are hiring for positions in their occupation (as opposed to switching careers altogether) are able to find reemployment faster and usually with minimal retraining.

Figure 12 shows staffing trends for Team Assemblers in the Grand Rapids-Wyoming, Michigan MSA over the next five years. Office Furniture Manufacturing is projected to shed the most Team Assembler jobs followed by Other General Purpose Machinery Manufacturing and Soap, Cleaning Compound and Toilet Preparation Manufacturing. However, several industries are projected to add Team Assembler positions such as:

- Employment Services, 295 Jobs
- Motor Vehicle Parts Manufacturing, 58 Jobs
- Navigational, Measuring, Electromedical and Control Instrument Manufacturing, 44 Jobs

Overall, **there is net growth in Team Assembler positions** with 292 positions lost and 527 new positions added in regional industries.¹ Displaced workers should target these industries for potential reemployment opportunities.



¹ This number just covers new jobs. There are also additional opportunities for Team Assemblers because of the projected 713 replacement jobs that will be required over the next five years (Table 10).

Transitions to Other Occupations

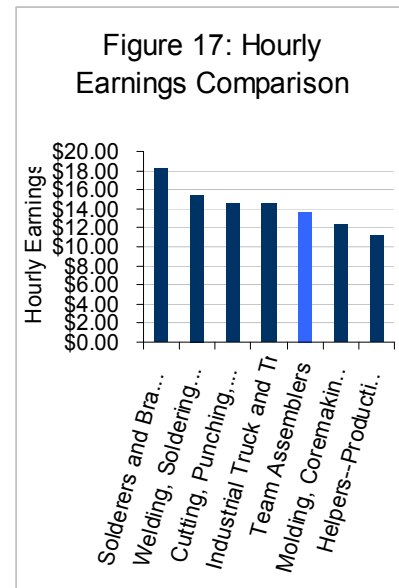
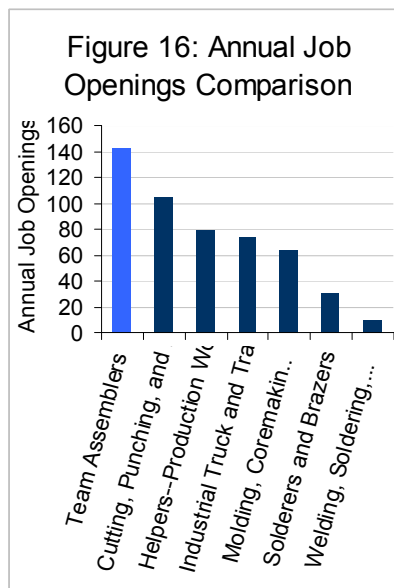
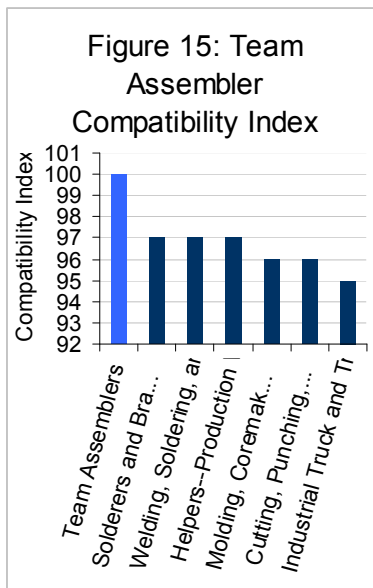
When transitions to other industries are not possible, workers should consider career transitions into other occupations which have the following characteristics:

- **Compatibility:** measured using EMSI's Compatibility Index driven by O*NET from the U.S. Department of Labor, Bureau of Labor Statistics. The Compatibility Index measures the similarity of knowledge and skill between two occupations across sixty-six categories defined by O*NET.
- **Job Openings:** are equivalent to the number of projected new and replacement jobs required by an occupation per year. Displaced workers will find reemployment faster in occupations with high annual job openings.
- **Competitive Earnings:** displaced workers might have to take a pay cut to find reemployment quickly, but should look for transitions that may competitive wages. If a transition requires addition education or training, the earnings increase should be proportionate to the amount of time and money invested.

Based on these three criteria, six occupations were selected as potential career transitions for Team Assemblers. Figures 14, 15 and 16 display a comparison of their compatibility, job openings and earnings. *These six target occupations combined are projected to require 361 new workers per year over the next five years.*

Table 14: Potential Career Transitions for Team Assemblers

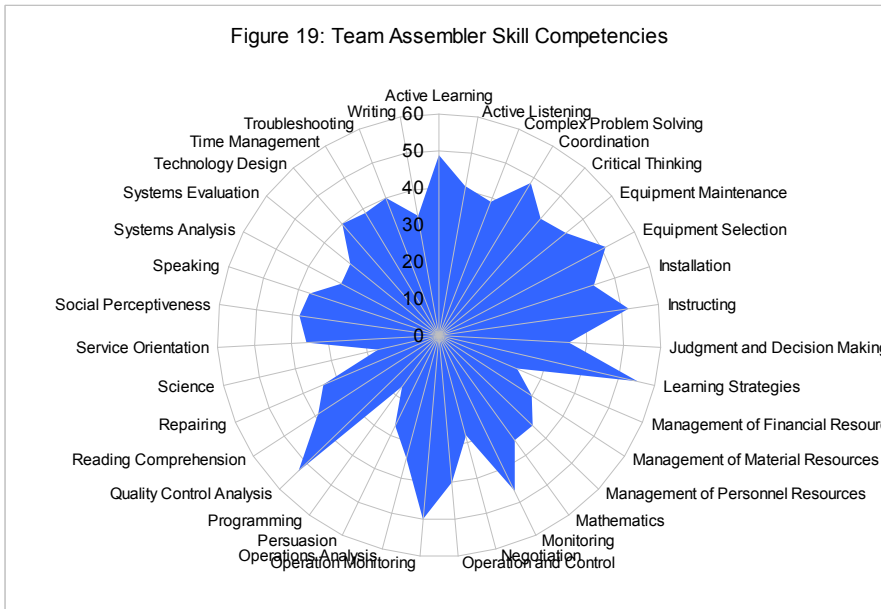
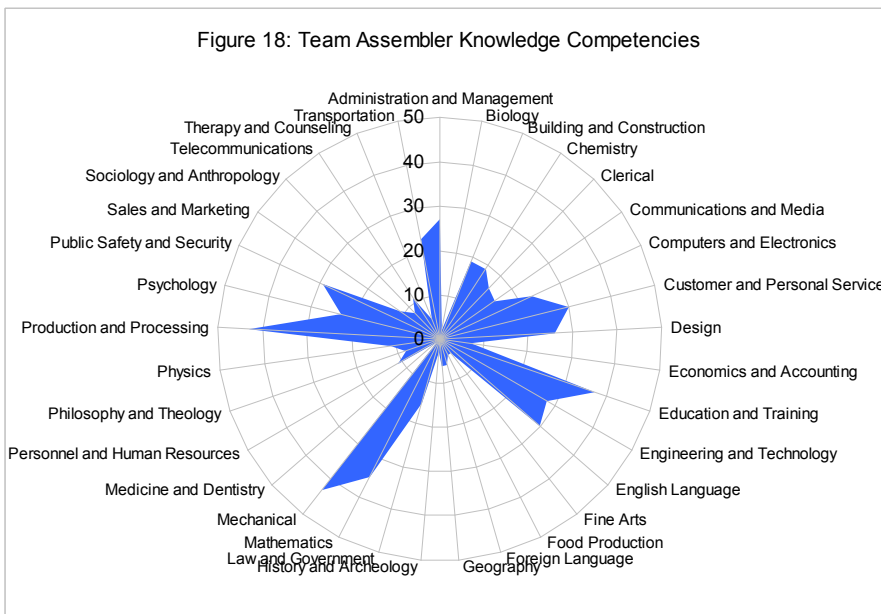
O*NET Code	Title
51-4121.07	Solderers and Brazers
51-4122.00	Welding, Soldering, and Brazing Machine Setters, Operators, and Tenders
51-9198.00	Helpers--Production Workers
51-4072.00	Molding, Coremaking, and Casting Machine Setters, Operators, and Tenders, Metal and Plastic
51-4031.00	Cutting, Punching, and Press Machine Setters, Operators, and Tenders, Metal and Plastic
53-7051.00	Industrial Truck and Tractor Operators



Competency Gap Analysis

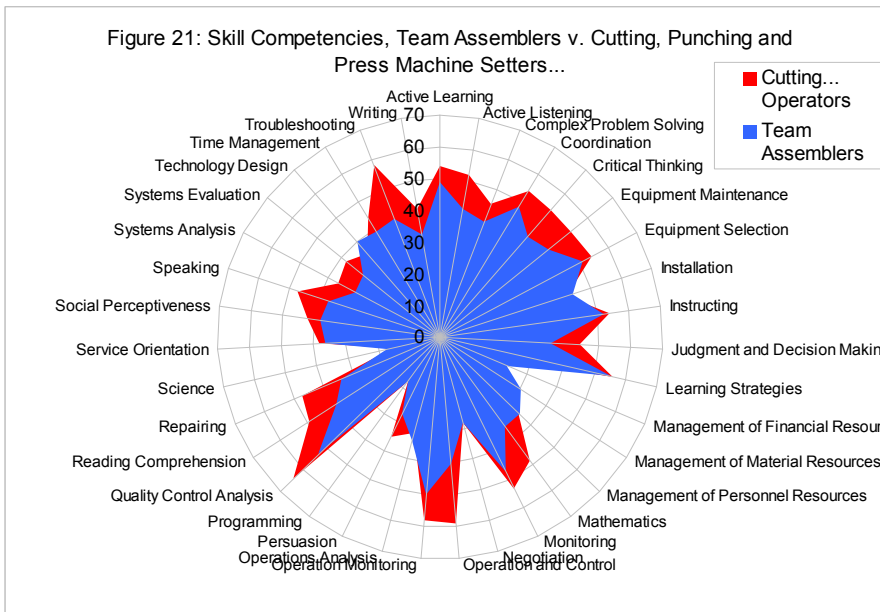
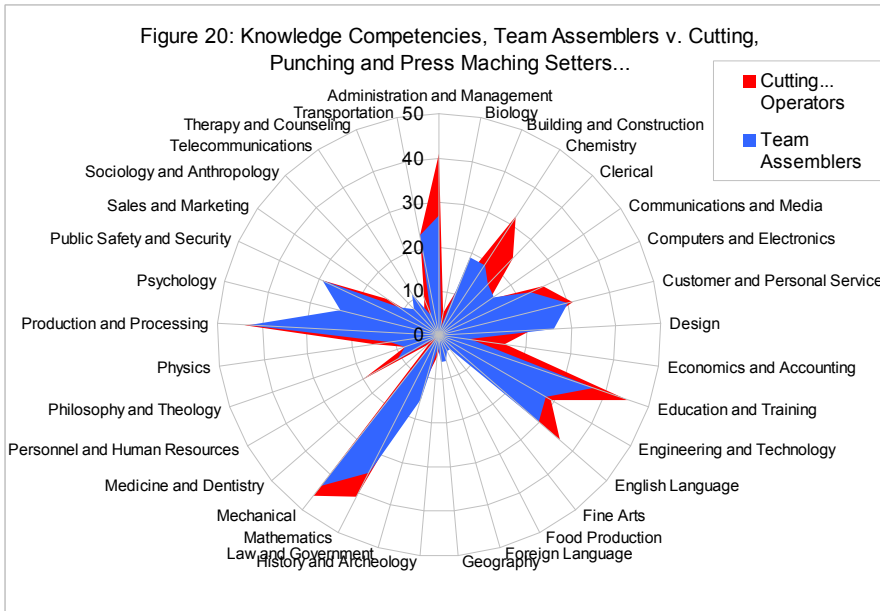
Despite the high Compatibility Index score of selected target occupations for Team Assembler career transitions, competency gaps may still exist. The following analysis is intended to highlight these potential gaps in order to identify retraining needs.

Gaps will be highlighted using a radar chart comparison of Team Assembler O*NET skill and knowledge competency scores plotted against those of target occupations. Figures 19 and 20 display scores for Team Assemblers. Given the density of the skill chart in comparison to the knowledge chart, it is obvious that Team Assemblers is a heavily skills-based occupation. When target occupation scores are plotted behind Team Assemblers in the following sections, gaps can be identified.



Team Assemblers v. Cutting, Punching, and Press Machine Setters, Operators, and Tenders, Metal and Plastic

- *Knowledge Similarities:* Mechanical, Production and Processing, Customer and Personal Service
- *Knowledge Gaps:* Administration and Management, Chemistry, Education and Training
- *Skill Similarities:* Learning Strategies, Instructing, Equipment Selection
- *Skill Gaps:* Troubleshooting, Quality Control Analysis, Operation Monitoring



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Note: This analysis would normally cover also six potential transitions but because this is a sample analysis, only one scenario is considered.

About the Data

Industry Data

In order to capture a comprehensive picture of regional industry employment (EMSI Complete Employment), EMSI basically combines unsuppressed covered employment data from Quarterly Census of Employment and Wages (QCEW) produced by the Department of Labor with total employment data in the Regional Economic Information System published by the Bureau of Economic Analysis, augmented with County Business Patterns and Nonemployer Statistics published by the U.S. Census Bureau. Projections are based on the latest available EMSI industry data combined with past trends in each industry and the industry growth rates in national projections (Bureau of Labor Statistics) and state-level projections (individual state agencies). Unemployment data are based on the Bureau of Labor Statistics' Local Area Unemployment Statistics program. EMSI also provides a more limited industry and occupation data set, EMSI Covered Employment, which is an unsuppressed version of QCEW.

Occupation Data

EMSI's occupation data are based on EMSI's industry data and regional occupational statistics and staffing patterns taken from the Occupational Employment Statistics program (U.S. Bureau of Labor Statistics). Additional wage information is derived from the American Community Survey, and wages are adjusted and interpolated at the county and ZIP code level using EMSI earnings data from relevant industries.

Competency Data

Occupation competency data include numbers that quantify attainment levels and importance levels of various knowledge, skill, and ability categories for over 800 standard occupations. The source is the U.S. Department of Labor's O*NET database, version 10. EMSI's occupational compatibility score is based entirely on source. Several assumptions are made in calculating compatibility: (1) The O*NET categories of Knowledge, Skills, and Abilities are sufficient to determine compatibility between occupations; (2) Compatibility decreases exponentially as the difference increases between two occupations' O*NET scores in one category; and over-qualifications and under-qualifications based on these scores are treated as equally negative.

About EMSI

Products and Services

EMSI provides integrated regional economic and labor market data, web-based analysis tools, data-driven reports, and custom consulting services. EMSI specializes in detailed information about regional economies for assessment and planning purposes, bringing together industry, workforce, economic development, and education/training perspectives. EMSI's expertise is centered on regional economics, data integration and analysis, programming, and design so that it can provide the best available products and services for regional decision makers. EMSI recently merged with its sister company CCbenefits Inc.—well known for conducting socioeconomic impact studies for over 800 community and technical colleges across the

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nation—to offer an integrated portfolio of solutions for college, workforce, and economic development professionals.

Clients

EMSI's diverse client base includes hundreds of colleges, workforce boards, economic development organizations, governmental agencies, economists, consultants, academics, and private-sector analysts. With over four thousand current clients in the U.S., Canada, and the United Kingdom, EMSI's products and services are critical for strategic decision making and informed regional policy.

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