

Evaluation of the Defense Conversion Adjustment Demonstration: Interim Report on Implementation



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RESEARCH AND EVALUATION REPORT SERIES

The Research and Evaluation Report Series presents information about and results of projects funded by the Office of Policy and Research (OPR) of the U.S. Department of Labor's Employment and Training Administration. These projects deal with a wide range of training, employment, workplace literacy, labor market, and related issues.

This report in the series was prepared under Department of Labor Contract No. Q-4294-3-00-87-30 by Berkeley Planning Associates, Oakland, California, and Social Policy Research Associates, Menlo Park, California. The authors were Dr. Mary G. Visher and Deborah Kogan. OPR project officer was Eileen Pederson.

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PREFACE

Berkeley Planning Associates (BPA) and Social Policy Research Associates (SPR) are conducting an ongoing Evaluation of the Defense Conversion Adjustment (DCA) Demonstration. This Interim Report includes information from initial site visits conducted during late 1993 and early 1994 to the twelve Round 1 demonstration grantees, whose initial 18-month grants ran from January 1993 through June 1994. The Interim Report highlights the key design features of the Round 1 demonstration projects and summarizes implementation experiences during their first 12 to 14 months.

The Interim Report includes four chapters. The first chapter introduces the study, presenting both the historical and conceptual background for the demonstration and the evaluation. The second chapter describes and assesses the experiences of the five projects in the demonstration that focussed on averting layoffs by intervening at the firm level: the dislocation aversion approach. The third chapter examines the experiences of the five projects that emphasized providing employment and training services to dislocated defense industry workers: the worker mobility approach. The fourth chapter describes the two projects that focussed on assessing and planning for the employment and training needs of workers affected by base closures: the community planning approach. Each of the three chapters begins with cross-project analysis of the goals, targeting, recruitment and delivery of services, followed by descriptive profiles of the projects.

In January 1994 a new cohort of seven grantees joined the original twelve reported here, with grants running through June 1995. Although this report was written before these new projects were underway, the evaluation now includes these Round 2 grantees, and subsequent reports will address the achievements of all nineteen grantees. The next report will be submitted to the Department of Labor in early 1995.

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CHAPTER I

**ENCOURAGING INNOVATION:
A FEDERAL RESPONSE TO THE
DEFENSE DRAWDOWN**

INTRODUCTION

THE DEFENSE DRAWDOWN AND THE FEDERAL RESPONSE

Between 1987 and 1997, U.S. Department of Defense outlays are projected to drop by 30%. In absolute terms, these reductions will amount to an average reduction of \$10 billion per year over a ten-year period. As a percentage of gross national product, defense outlays are expected to fall from 6% in 1987 to 3.5% in 1997. Defense procurement is the category of DOD expenditures that will be hardest hit in the cutbacks. Expenditures for DOD contractors will drop by \$46 billion between 1987 and 1997, while expenditures for military personnel will decline by \$25 billion over the same period.¹ Thus, the defense drawdown will be particularly disruptive for defense-related industries.

The defense expenditure reductions affect individual defense-industry workers and military personnel, defense-dependent firms, and communities with concentrations of defense-related activities. At the *individual worker level*, dislocated and at-risk defense workers, separated military personnel, and laid off civilian DOD employees need to find new jobs in the non-defense sector. These workers are characterized by:

- Relatively high levels of education and technical skills.
- A lack of information about nondefense occupations and employers.
- Extensive job-related experience and training that may not be reflected in formal educational credentials.

¹Defense Conversion Commission, Adjusting to the Drawdown, Washington, D.C., December 1992; and U.S. Congress, Office of Technology Assessment, After the Cold War: Living with Lower Defense Spending, Washington, D.C., February 1992.

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- Experience in a defense industry corporate culture that emphasizes bureaucratic top-down decision making rather than participatory work teams and technical quality over cost control and efficiency.

In their search for new jobs, dislocated defense workers may face labor markets saturated with workers possessing similar skills. In such cases, workers may need to consider relocation to obtain new jobs that build on their existing skills.

At the *firm level*, cutbacks in defense spending have the greatest impact on firms that have specialized in the production of components or products to meet strict defense procurement specifications. Faced with sharp cutbacks or loss of demand for their products by DOD, these firms need to become competitive with new products and/or in new markets. Defense-dependent firms are characterized by:

- Previous experience producing small quantities of customized products for a single customer.
- Little experience developing flexible or diverse product lines.
- Little experience with inventory control procedures or marketing methods.
- Little experience with cost containment or continuous improvement strategies or procedures.

Overall, many of these firms still control sizeable resources in terms of facilities and equipment and a highly trained workforce. However, they face an immediate crisis of how to transfer these resources to production for non-defense markets.

At the *community level*, cutbacks in defense spending have had particularly devastating impacts on local areas in which a high percentage of local economic activity is related to defense

contracting or the operation of affected military installations. Features of these high-impact areas include:

- High numbers of workers dislocated from DOD prime contractors, civilian employment at DOD installations, or military service at affected bases.
- Major secondary effects on local employment at defense subcontractors and local suppliers.
- Tertiary effects on local retail and service jobs, resulting in overall high unemployment and economic decline.
- Little information about how to go about planning for economic development and alternative uses of facilities, equipment, and human resources.
- A variety of organizations, agencies, and interest groups with concerns about the situation and the ability to offer resources to develop a coordinated community response.

The federal government provides assistance to communities and workers affected by defense cutbacks through three ongoing programs. Two of these programs are targeted to affected communities. The third is targeted to affected workers.

ASSISTANCE TO IMPACTED COMMUNITIES

The Office of Economic Adjustment (OEA) within the Department of Defense encourages sound long-range planning to communities affected by defense reductions by providing small planning grants and direct staff assistance to local government agencies and community groups. OEA-funded planning efforts generally focus on the re-use of military installations and defense plants. This program received expanded funding under the community initiatives provisions of the Defense Authorization and Appropriations Acts of 1993.

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In addition, the Sudden and Severe Economic Dislocation Program (SSED) within the Economic Development Administration (EDA) helps communities facing major job losses from both defense and non-defense-related dislocation. Funds may be used for technical assistance, planning, and implementation of adjustment plans. While plans require coordination with local education and training authorities, worker retraining is not usually a central planning focus. To enable it to respond to the needs of communities affected by the current defense cutbacks, this program received expanded funding under both the National Defense Authorization Act of 1991 and the FY1993 Defense Authorization and Appropriations Acts.

ASSISTANCE TO AFFECTED WORKERS

The Economic Dislocation and Worker Adjustment Assistance (EDWAA) program administered under Title III of the Job Training Partnership Act by the Department of Labor focuses on retraining and readjustment for individual dislocated workers. Although defense conversion adjustment is not explicitly addressed in the EDWAA legislation, state and substate grantees for Title III have been heavily involved in responding to the needs of workers dislocated as a result of base closures and defense plant layoffs.

To address the substantial impacts of the recent and planned defense cutbacks, the National Defense Authorization Act of 1991 allocated \$150 million to the Department of Labor to operate a new Defense Conversion Adjustment Program (DCA), administered under Section 325 of JTPA Title III. Under the DCA program, grants may be awarded to states, EDWAA substate grantees, employers, and business and labor associations to provide retraining, adjustment assistance, and placement services to individual defense workers and civilian DOD employees dislocated as a result of reductions in defense expenditures or closures of military facilities.

Additional defense conversion initiatives contained in the FY 1993 Defense Authorization and Appropriations Acts included \$75 million for the Defense Diversification Program (DDP) administered by the Department of Labor under Section 325A of JTPA Title III. Although similar in many respects to the funds available under DCA, the DDP program expands eligibility

to separated military personnel and civilian DOD employees. Services available under DDP are also expanded to include, in certain circumstances, skills upgrading to individuals in, or laid off from, non-managerial positions.

ASSISTANCE TO AFFECTED FIRMS

The 1993 Department of Defense budget also provided funds to initiate a series of defense firm initiatives, including activities to support dual use technology, advanced manufacturing technology, commercial-military integration, and regional technology.

SUMMARY

While significant federal resources have been allocated to address the needs of defense conversion at the individual worker, firm, and community levels, the federal government has tended to develop a separate program and a separate funding stream to address each level of impact. The Defense Conversion Adjustment Demonstration offers the opportunity to link defense conversion activities addressed to the needs of workers, firms, and communities impacted by the defense drawdown, as well as to test innovative approaches within each level of impact.

THE DEFENSE CONVERSION ADJUSTMENT DEMONSTRATION

Section 325(d) of Title III of the Job Training Partnership Act provides funding for demonstration projects as part of the Defense Conversion Adjustment Program to encourage and promote innovative responses to defense-related dislocations. In an initial announcement in the *Federal Register* on May 12, 1992, DOL announced the availability of approximately \$5 million for projects in the areas of dislocation aversion, increased worker mobility, community planning, economic development, and local initiatives. Twelve Round 1 DCA demonstration grants were awarded in November 1992. A second round of DCA demonstration funding was announced

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in the *Federal Register* on June 3, 1993, and seven additional grants totalling approximately \$3.4 million were announced on November 22, 1993.

The demonstration announcements emphasized that the purpose of the DCA demonstrations is to undertake innovative approaches not otherwise found in standard Title III or Defense Conversion Adjustment programs. Areas of potential innovation include:

- Use of grantee organizations and administrative entities not generally responsible for dislocated worker services.
- Targeting of demonstration activities and services to individuals and groups not generally included in EDWAA services, including defense-dependent firms and impacted communities as well as individual workers dislocated or at risk of dislocation as a result of the reductions in defense spending.
- Provision of a wide range of services and activities related to defense conversion objectives, including, for example, formation of community task forces, business development assistance, entrepreneurial training, workforce training in high performance workplace skills and total quality management concepts, as well as training in technical fields for individual workers.
- Coordination of DCA demonstration activities with defense conversion activities supported by other funding sources (including, for example, economic development or community adjustment funding).

Although the Defense Conversion Adjustment Demonstrations were awarded under five different categories -- dislocation aversion, increased worker mobility, community planning, economic development, and locally initiated -- the different DCA demonstration approaches can be described using three conceptual models. Some demonstrations use a single approach, while others have developed designs that combine several approaches.

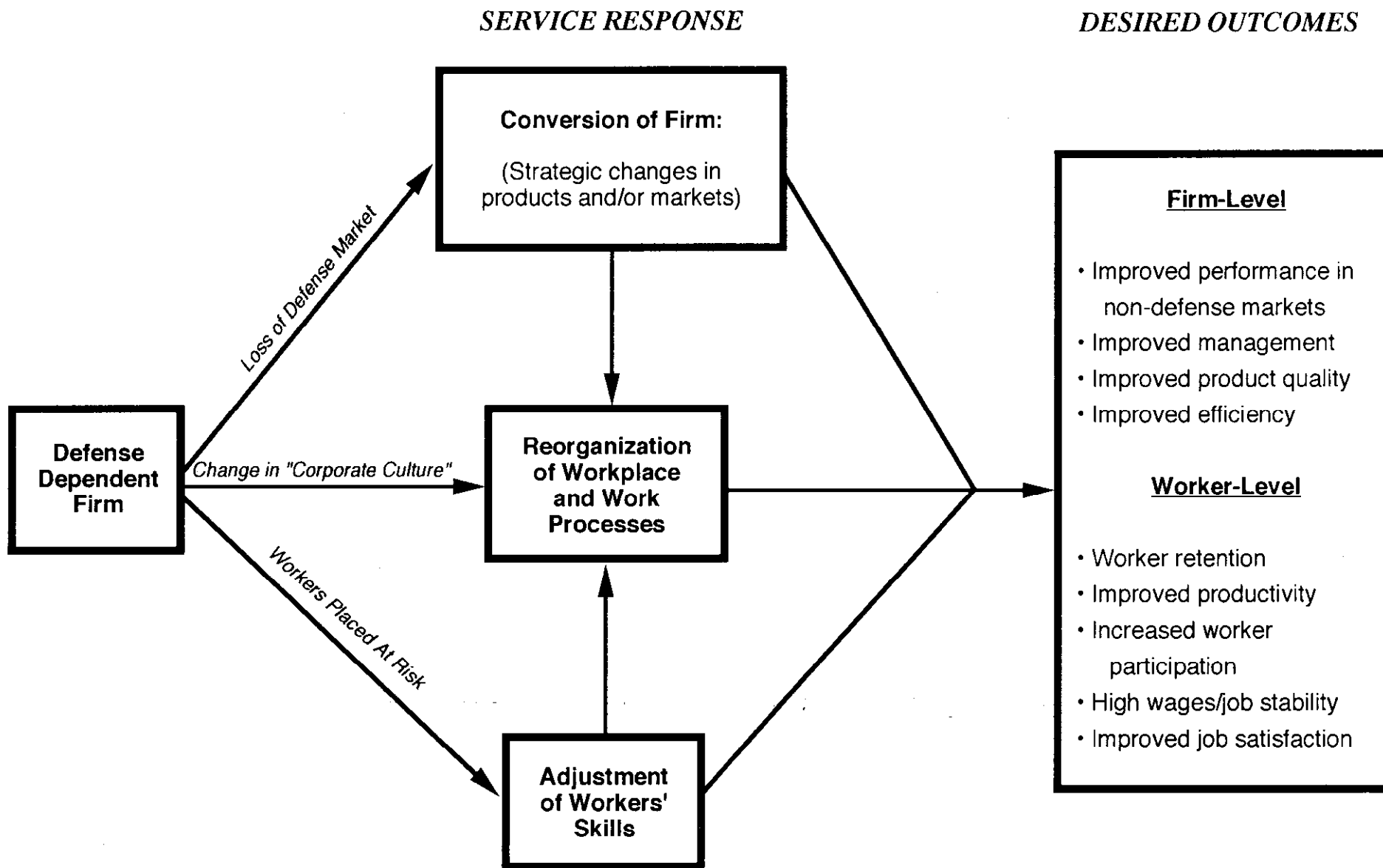
THE DISLOCATION AVERSION APPROACH

In the dislocation aversion approach, defense-dependent firms are assisted to restructure their operations to compete successfully in commercial markets. In contrast to traditional EDWAA services, which assist individual workers, the intent is to reduce dislocations through early intervention for the firm as a whole to preserve the jobs of employees at risk of dislocation.

Figure I-1 depicts the general approach for projects testing dislocation aversion strategies. The precipitating event is usually one or more defense-dependent firms experiencing a sharp decline in sales as a direct or indirect result of declining defense procurements. After identifying and selecting defense-dependent firms that are interested (1) in restructuring for competition in non-defense markets and (2) in using worker retraining as one tool to further diversification or conversion efforts and prevent layoffs, projects using the dislocation aversion approach intervene to assist the firm(s) in one or more of the following processes:

- Assess the firm's strengths and weaknesses and opportunities for conversion or diversification.
- Develop detailed strategic plans for conversion or diversification, including: developing financing for implementing the strategic plan.
- Reorganize the workplace to implement improved technologies, more flexible production procedures, or transformed worker roles and responsibilities.
- Provide technical assistance and training to managers on marketing, reorganization of production, financial restructuring, record-keeping, and total quality management, as needed.
- Retrain workers in needed technical skills or high performance workplace skills necessary to help the firm compete in broader markets.

Figure I-1
Dislocation Aversion Approach



The dislocation aversion strategy represents a substantial departure from traditional EDWAA approaches. Although it was hoped that WARN provisions for advance notification of layoffs would permit layoff aversion to occur under Title III, there is not usually enough lead time under WARN to permit successful restructuring at the company level. In addition, regular Title III funds may not be used to retrain a firm's employees in order to continue their employment at the same firm. To be able to turn around the financial status of a troubled firm, the dislocation aversion approach needs to (1) intervene early enough to be able to positively influence the firm's financial outlook and (2) provide or arrange for sophisticated management assistance to guide successful restructuring.

One of the most innovative design features of the dislocation aversion approach is the requirement for close linkages between workforce training and restructuring efforts targeted to the company per se. Because demonstration funds are limited to activities allowable under Title III; activities planned by the demonstration projects using this approach focus for the most part on retraining for workers, management, and small business owners (described in steps four and five, above). Specialized consulting, strategic planning, capital sourcing, retooling and similar expenses oriented to the firm as a whole (steps one through three) may be covered by the companies themselves, through non-JTPA public sources, or as part of the administrative expenditures of the DCA demonstrations. While recognizing this necessary separation of funding, it is crucial to assess the demonstrations' services to individual workers in the context of distinctly *company-level* planning and action.

A second important departure from mainstream EDWAA is the focus on at-risk workers, as opposed to those who have already separated or received layoff notices. At-risk workers are not currently eligible for services funded under other provisions of Title III. Although it is obviously an essential part of any dislocation aversion strategy, the freedom to target at-risk workers raises a series of operational issues concerning who is to be selected for participation, and what alternative services will be offered to other affected workers. These issues were raised explicitly in the demonstration grant announcement, along with the requirement to consult with representatives of affected employees during both design and implementation of the projects.

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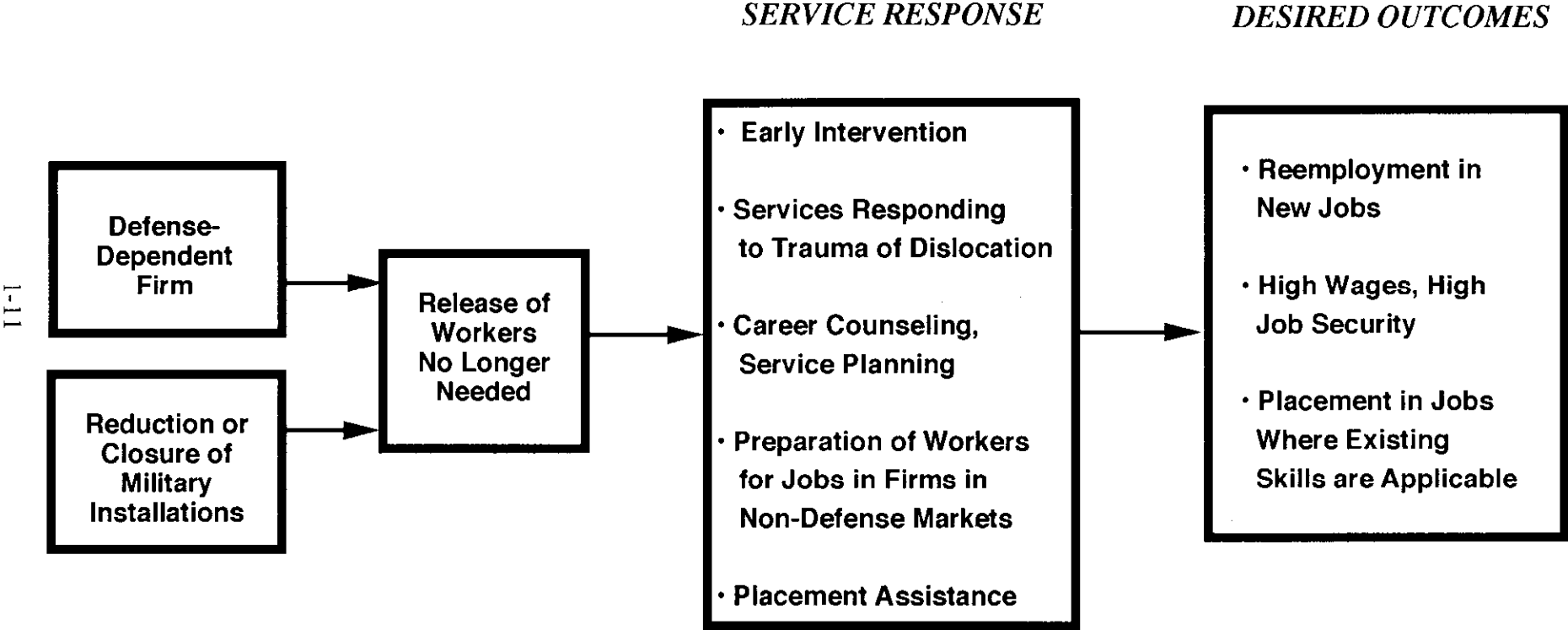
Lastly, dislocation aversion strategies imply radically new types of training and target populations. Targeted workers include highly skilled engineers, managers and business owners as well as production workers. As described in this report, the dislocation aversion demonstrations funded in Round 1 have proposed a broad array of training approaches and curricula. In addition to employer-customized occupational skills training (some of it in advanced technical fields), training may be provided in statistical process control, advanced marketing techniques, just-in-time inventory and procurement, participatory management, total quality management, teamwork and communications skills. Training of this scope is not unknown in EDWAA, but current experience remains quite limited. If successful, these projects will provide rich models for teaching methods and curriculum content for training highly-skilled at-risk workers, methods for encouraging employer and worker participation in curriculum design, involvement of management consultants and similar service providers, and on-the-job training practices.

THE WORKER MOBILITY APPROACH

Although a number of layoff aversion efforts may be successful, large numbers of defense industry workers, military personnel, and civilian DOD employees will nonetheless suffer dislocations as a result of reduced defense expenditures. Worker mobility projects serve the needs of defense workers after dislocation has occurred or when dislocation is unavoidable. While the worker mobility demonstrations share their general approach with the EDWAA program as well as with the Defense Conversion Adjustment and Defense Diversification programs as a whole, the DCA demonstrations are intended to test new and innovative ways of increasing mobility for workers affected by the defense drawdown.

Figure I-2 depicts the general worker mobility approach. The precipitating event is usually the reduction or elimination of one or more defense contracts which cause a defense-dependent firm to announce layoffs. In communities and regions hard hit by reductions in defense contracting, the precipitating event is not usually a single layoff but a number of layoffs across a wide range of firms over an extended period. Worker mobility projects may

Figure I-2
Worker Mobility Approach



Introduction

also be organized in response to announcements of the closure or downsizing of military facilities that result in job loss for civilian DOD employees and/or military personnel.

After identifying a group of workers laid off from defense-related employment, the worker mobility approach seeks to intervene as soon as possible to assist affected workers to obtain re-employment in high quality jobs offering high wages, benefits, and job security. To further this objective, projects using the worker mobility approach may:

- Provide services responding to the crisis adjustment needs of dislocated workers, including personal and family counseling, financial counseling, and stress management services.
- Assess individual skills and interests, identify employment barriers and transferable skills, and assist workers to explore occupational choices and develop individual employment goals and strategies.
- Identify occupations in the economy that can absorb the skills of dislocated workers. Assist workers in transferring their skills to these jobs through skills certification, short-term skills enhancement, or longer-term retraining.
- Assist interested individuals to start small businesses or joint ventures transferring technology developed in the defense sector to commercial applications.
- Train workers in the cultural and organizational differences between defense-oriented and commercially-oriented workplaces (e.g., training in high performance workplace skills).
- Assist workers to market their defense/military work experience to commercial employers.
- Assist workers to identify job opportunities in other regions and plan for relocation.

Although the DCA worker mobility demonstrations share many of these design elements with other projects providing worker readjustment and retraining to dislocated workers (e.g., under the EDWAA system and through non-demonstration DCA grants), the Department of Labor expects that the worker mobility demonstrations will develop *innovative responses* to the specific challenges of worker mobility in the context of defense conversion. Opportunities for innovation under the worker mobility demonstrations include (1) the ability to experiment with new and different organizational arrangements for project administration and service delivery; (2) the ability to design a project targeted to workers from an identified occupational grouping (e.g., aerospace designers and draftspersons) or interested in a specific re-employment occupation (e.g., primary and secondary school teaching); and (3) the ability to coordinate the worker mobility approach with job creation or economic development strategies.

Organizational innovations may include the involvement of new types of agencies and institutions in the design and delivery of services for dislocated defense workers, as well as the development of new types of partnerships among agencies. The DCA demonstration grant announcements encouraged applications from firms, employer associations, labor associations, and other agencies, in addition to the substate entities responsible for administration of services under EDWAA.

The worker mobility demonstrations also have the opportunity to design innovative services tailored to the specific needs of dislocated defense workers or separated military personnel. These innovations may consist of developing new skills enhancement or retraining curricula to prepare selected target groups for new careers in the commercial sector, or new basic readjustment services designs that prepare dislocated defense workers to market their skills to non-defense employers.

Finally, worker mobility demonstrations have the opportunity to experiment with linkages between economic development strategies and worker mobility approaches. In the announcement of funding availability for the Round 1 DCA demonstration grants, DOL invited proposals in a separate category called economic development. The *Federal Register* announcement encouraged applicants under this category to coordinate OEA community planning funds with

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demonstration funding for worker retraining to support the creation of new jobs through the reuse of vacated military facilities. While this specific configuration has not emerged to date under the DCA demonstration projects, several demonstrations have tried to link the achievement of worker mobility and economic development objectives by encouraging the transfer of technology and worker skills from defense applications to commercial applications. If successful, these projects can provide models for further efforts to coordinate worker retraining/re-employment and economic development activities.

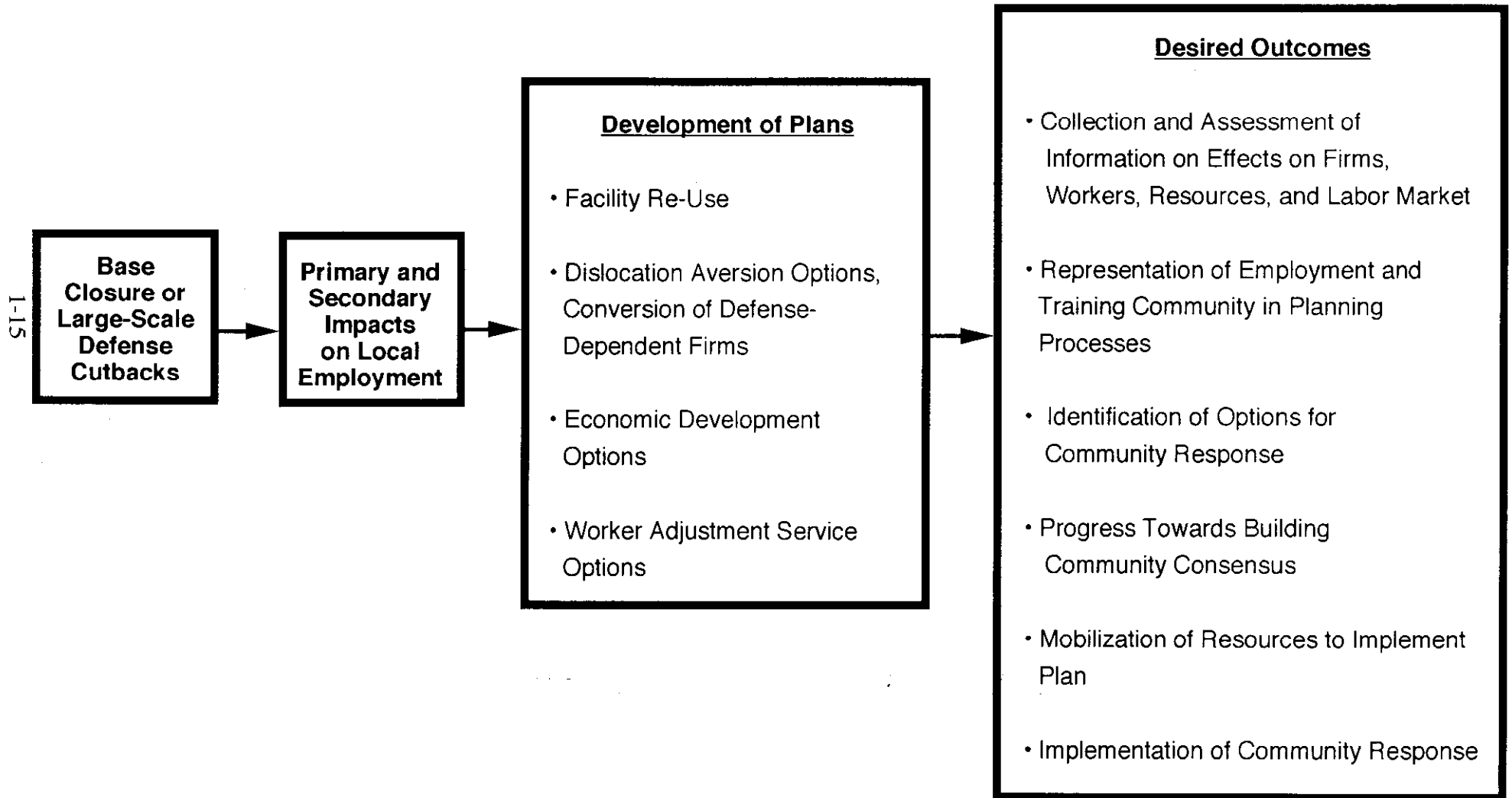
THE COMMUNITY PLANNING APPROACH

The community-level impacts of defense downsizing become particularly severe when there are mass layoffs in a geographical area or when a large military facility closes down. In such cases, the initial dislocation can have devastating effects on other business, limiting the immediate employment prospects for workers affected by the original layoff and causing substantial downstream layoffs by smaller local businesses. Further complications arise when, as is often the case, large numbers of workers with similar skills suddenly begin seeking jobs in an already fragile labor market.

Paradoxically, the potential for disaster posed by such events can provide exceptional opportunities for effective response. Past experience with conversion initiatives suggests that two key elements are needed for effective local action: *a core of community leadership*, and *a consensus-building long range plan* that brings a broad spectrum of community interests to bear on goal setting and design of a concerted response.

Figure I-3 depicts the general model for the community planning approach. The precipitating event is an impending base closure or widespread dislocation in an area unusually dependent on the defense industry. The community planning approach emphasizes the activities needed to develop a coherent and unified community response to the local situation and to coordinate available resources to further the selected response. Community planning projects, whether funded by OEA or DCA funds or state or local funds, rarely operate in a vacuum. Generally, they attempt to support, coordinate, and expand the formal and grassroots activities

Figure I-3
Community Planning Approach



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initiated by local officials, community agencies, and interest groups. Worker adjustment services and worker retraining are usually only one set of issues on the local community planning agenda. Other issues often addressed using the community planning approach include facility reuse and economic development/job creation strategies.

Community planning activities are shaped by the perception of local needs as well as by the activities already underway using other funds. Thus, in one particular local setting, a community planning project may emphasize collecting detailed and accurate information about the extent of dislocation that will occur or has occurred. In another setting, a community planning project may emphasize recruiting a representative group of individuals and organizations to come together to formulate a community response and oversee implementation of plans. The different activities included in the community planning approach draw on the following options:

- (1) Develop an effective coalition involving state and local officials, public and private agencies, and interest groups and agree on a process for reaching consensus on key goals.
- (2) Collect and analyze information about the direct and indirect impacts of defense cutbacks on the local community.
- (3) Identify decisions to be made and alternative options (e.g., options for facility reuse, alternative strategies to prevent further dislocations through services to at-risk firms and workers, possible service designs and delivery approaches to help dislocated workers adjust, potential for regional economic development).
- (4) Identify available community assets and resources.
- (5) Using the agreed upon participatory decision process, develop a coherent and comprehensive plan for the community response that coordinates the activities of all agencies and individuals.

- (6) Mobilize federal, state, and community resources needed to realize the plan and oversee its implementation.

Like dislocation aversion, community planning represents a substantial departure from traditional EDWAA activities as well as from the activities funded under regular non-demonstration DCA or DDP grants. By funding community planning projects under the Defense Conversion Adjustment Demonstration, DOL hopes to identify innovative models for linking workforce development issues and plans for worker retraining to plans for longer-term regional economic development and/or reuse of military facilities. Ideally, this linked planning process would also address immediate strategies for serving the workers dislocated from defense-related or base employment and identify re-employment options for these workers.

EVALUATION OBJECTIVES AND METHODS

EVALUATION OBJECTIVES

The evaluation of the Defense Conversion Adjustment Demonstration has three major objectives:

- To describe and document the implementation and short-term outcomes of the demonstration projects as they relate to the specific problems faced in defense-related dislocations.
- To identify exemplary approaches to the specific problems faced in defense-related dislocations.
- To identify the factors that contribute to or impede the success of various responses to defense conversion.

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To accomplish these objectives, the evaluation design calls for the collection of qualitative and quantitative information to describe or evaluate the design of the demonstration projects, how the demonstrations have evolved over time to meet the distinct challenges posed by their environments and individual objectives, and what they have accomplished. While data collection procedures have been designed to provide comparable data across the demonstrations, they also are designed to capture the unique and innovative features of each project.

DATA COLLECTION AND ANALYSIS

Qualitative data on project designs, implementation experiences, and outcomes are being collected through intensive site visits to each demonstration project, supplemented by ongoing reviews of relevant written materials, such as project proposals and quarterly progress reports submitted to DOL. During the base period of the evaluation contract, we planned two site visits to each project. This Interim Report includes findings from the first site visits, which were conducted between October 1993 and February 1994.

Qualitative data collection has been guided by a series of written topic guides² for discussions with:

- Project administrators and other demonstration partners.
- Participating firms.
- Worker representatives.
- Agencies or individuals involved in the design or delivery of business services to firms.

²We have developed different versions of the data collection tools for use at projects testing different defense conversion approaches. For some discussion guides, we developed two versions--one for projects serving at-risk workers and one for projects serving dislocated workers. For other guides, we designed separate sections or modules within a single guide for use at projects testing particular approaches.

- o Agencies or individuals involved in the design or delivery of services to dislocated or at-risk defense industry workers.

- o Selected workers receiving demonstration services.

- o Representatives of other community agencies.

While on site, field researchers have also reviewed written case file records for individual participants and written curriculum materials for worker services.

Analysis of qualitative data has consisted of two stages: project-level analysis and cross-project analysis. In this Interim Report, the project profiles summarize the key features of each demonstration project's design and implementation experience. While it is too early in the demonstration to describe outcomes for most projects to date, we have included early observations about the "lessons learned" or questions raised about effective implementation practices within the project profiles.

The cross-project analysis, presented in the first part of each of the chapters describes and compares the implementation experiences using each of the demonstration approaches -- dislocation aversion, worker mobility, and community planning. Within each approach, the discussion is organized around a description of the key implementation challenges faced by the demonstration projects in four areas: (1) demonstration objectives, (2) target population (e.g., of firms, of workers), (3) service designs, and (4) organizational issues.

CHAPTER II

STRATEGIES TO PREVENT LAYOFFS FROM DEFENSE FIRMS

PART A

THE IMPLEMENTATION EXPERIENCE FOR DISLOCATION AVERSION PROJECTS

INTRODUCTION

Among the first round of DCA grantees, six projects include strategies to avert worker dislocation. Although most projects have been operational for less than one year (one just began operations in April 1994) and the implementation experiences of each grantee are to a large extent unique, patterns have emerged over the course of the year. In this chapter, we identify some of the common challenges these projects have faced as they launched their programs during the first year of the demonstration, and describe the strategies projects have used to meet these challenges.

Perhaps more than any other approach currently being tested in the DCA demonstration, the dislocation aversion approach is the most ambitious and carries the greatest potential for innovation. Never before have Department of Labor-funded projects been targeted to work with at-risk firms and incumbent workers. Never before have services been delivered to the firm or by the firm, rather than to the individual workers after layoff, and never before have resources been offered directly to firms to use as part of a strategic plan to help the firm survive. But precisely because these projects are experimenting in areas that are unfamiliar for most grantees, the challenges the projects face are also extraordinary.

The six Round I projects that include dislocation aversion strategies discussed in this chapter are:

- The Management Assistance and Technology Transfer Program (MATT), a project administered by the St. Louis County Economic Council in St. Louis, Missouri.

The Implementation Experience for Dislocation Aversion Projects

- The Long Island Defense Diversification Project (LIDDP), a project administered by the New York State Department of Economic Development in Long Island, New York.
- The Strategic Skills Program (SSP), a project administered by the Industrial Services Program in Massachusetts.
- The Business Roundtables, a program administered by a Private Industry Council-led Consortium in San Diego County, California.
- The Sargent Controls Project, administered by the Regional Re-employment Center in Pima County, Arizona.
- The Machinists Project (IAM), a project administered by the International Association of Machinists in Burbank, California.

This chapter is organized into four sections, each reflecting one of four key implementation topics: project goals; recruitment and selection of firms; services; and project organization. Within each of these sections, we first formulate the key challenges that projects faced during the early months of the demonstration in implementing their plans. Through comparing and contrasting the experiences of the projects, we then suggest a typology, or a way to categorize projects based on how they reacted to or planned for these challenges. For example, while each project used a unique method for selecting and recruiting firms for participation, we found that projects tended to fall into one of two categories -- those that targeted firms that were in very early stages of conversion and those that targeted firms that had already made some significant progress towards conversion. To illustrate a particular category of strategies or approaches we have included short descriptions of the relevant aspect of one of the projects that falls into each category of discussion. These descriptions are in boxes inserted in the text. The reader is referred to Part B of this chapter for more detailed profiles of each of the five dislocation aversion projects.

PROJECT GOALS

All of the projects using dislocation aversion strategies share an underlying goal of saving jobs by assisting at-risk, defense-dependent firms to convert to the commercial sector. The projects differ, however, *in whether they expect to achieve reductions in defense dependency using demonstration funding and within the time period of the demonstration*. That is, while the ultimate goal of all the dislocation projects is conversion, some projects viewed their primary mission during the demonstration to prepare and position firms for a successful conversion through improving their overall competitiveness and efficiency. Other projects specified goals involving conversion, such as reducing the proportion of defense-related sales and increasing sales of a commercial product.

A key evaluation question is whether the recruitment and targeting practices and the service strategies used by a project correspond closely with the project's goal. If a project is trying to not only improve the overall competitiveness of the firms it is working with, but is expecting to reduce the firm's dependency on the defense market as measured, for example, by a reduction in the percentage of total sales to a defense customer, then the project should select firms that are already reasonably close to achieving this goal. A 100% defense-dependent firm with a management that has not yet given a great deal of thought to the necessity of conversion or is unwilling to change may not be the most appropriate firm for such a project. On the other hand, if the project seeks to work with firms to begin the process of change that may lead to diversification or conversion, for example, by assisting management to begin an analysis of the firm's potential for change, the firm described above may be most appropriate.

All of the projects included formal goals in their grant agreements with the Department of Labor. Some projects wrote goal descriptions that included providing services to firms that would result in a measurable reduction of defense dependency. Other projects avoided commitments to reducing defense dependency, and emphasized goals of enhancing the survival chances of a firm in *any* market. An analysis of the variation in formal goals of projects is important for two reasons. First, while formal goals change, or are abandoned, or schedules

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for meeting them adjusted, they still drive the plans and designs of the dislocation aversion projects and provide an important standard by which to measure a project's success. The experiences of the projects in planning and implementing their strategies can be partly explained by understanding what they set out to accomplish. Second, one way to measure a project's success in making a difference for the firms and workers it serves is to compare what the project actually achieved with what the project planned to achieve. Therefore: *the first major challenge for the DCA grantees was to formulate formal goals that were realistic, measurable, and closely tied to their targeting and service strategies.* Projects tended to emphasize goals that either involved increasing the overall competitiveness of firms, or goals that involved actual reductions in defense dependency. Figure II-1 shows which projects are categorized for this analysis as emphasizing increasing competitiveness in their goals and which are categorized as emphasizing conversion to the commercial sector.

Figure II-1

Key Features of Dislocation Projects: Formal Goals Emphasis on Increasing Firm Competitiveness or Conversion to the Commercial Sector

Project	Emphasizes Increased Competitiveness	Emphasizes Conversion to Commercial Sector
MATT, St. Louis, MO	X	
Long Island Project, Long Island, NY	X	X
SSP, Boston, MA	X	X
Sargent Controls, Tucson, AZ		X
Machinists ¹ , Burbank, CA	X	X
San Diego Business Roundtables, San Diego, CA		X

¹The Machinists Project serves two firms, and has apparently divergent goals for each. The project was originally designed to promote commercialization of defense firms.

PROJECTS EMPHASIZING IMPROVED COMPETITIVENESS AS A PRIMARY GOAL

A few projects *do not emphasize conversion to the commercial sector per se* as a specific goal that can be accomplished within this particular demonstration. Rather, these aversion projects seek to increase firm productivity and performance as a goal in itself, a change which is seen as a necessary prerequisite for the development and sale of a commercial application of a previous defense product and a successful transformation into a commercial firm.

To be successful, projects with these goals must provide services to firms and training to their workforces that lead to outcomes such as increased efficiency, better communication between managers and workers, increased technical skills levels, increased job satisfaction, better communication between management and workers, team work, total quality management, high-performance workplace principles, and reduced workplace injuries. These changes pave the way for the gradual transformation into a commercial firm, but the transformation itself is not seen as a primary objective for these projects or the firms they work with.

Three projects avoid emphasis on conversion as a goal to be achieved within the demonstration. One project stresses assessment and business plan development for a set of firms as their primary objective for the demonstration, but view these accomplishments as a step towards conversion (MATT in St. Louis). A second project (described in more detail below) helps several firms in their efforts to modernize production processes, and transform them into High Performance Workplace Organizations (HPWOs), but if this process allows the firms to make better missiles or attract more defense work, this would not be inconsistent with the stated objectives of this project (the Long Island project). Another project works closely with a defense supplier firm to assess the firm's position and deficiencies in order to develop a strategic business plan for conversion (IAM in Southern California).

A Project Averting Job Loss by Helping Firms to Improve their Productivity and Competitive Potential

Long Island, New York, The Long Island Defense Diversification Project. The Long Island DDP has a primary goal of saving jobs and averting layoffs at nine defense manufacturers by transforming the organization of the firms into high-performance work organizations (HPWO). Converting firms into HPWOs throughout the area has been a longstanding policy of state agencies. The underlying strategy for HPWOs is that through the introduction of concepts such as total quality management, empowerment of workers, development of team skills, and better communication among workers and managers, a firm can better adapt to change such as shrinking markets. The Long Island DDP views defense contractors as prime candidates for HPWO training. Indeed, an assumption underlying the goals for this project is that if HPWOs work for defense contractors, they will work for any firm. A related goal of this project is to develop the educational institutions in the area that can support widespread HPWO training. Some of the firms in the project are more motivated than others to use the HPWO training as part of an overall strategy to convert to commercial markets. For this project, HPWOs are the goal, and defense conversion *per se* may be an outcome of HPWO transformation, rather than a goal in itself.

PROJECTS EMPHASIZING CONVERSION TO THE COMMERCIAL SECTOR AS A PRIMARY GOAL

Most of the dislocation aversion projects in the demonstration formally include in their objectives the mission of helping transform defense firms into commercial firms. Their primary strategy for doing so may focus on, in the short-term, increasing the competitive potential of a firm in *either the defense or the civilian sector*, but these projects view such changes *as a means towards an end, rather than a goal in itself*. To be successful, a dislocation aversion project that seeks to convert a firm's primary orientation to the private sector, rather than just diversify or strengthen the overall productivity of a firm in either sector, must ultimately reduce the defense dependency of a firm.

The actual development, marketing, and sale of a commercial product, and the transformation of the organization and culture of a defense firm to one more suitable for competition in the private market during the demonstration are the primary objectives of three projects (SSP in Massachusetts, Sargent Controls in Arizona and the IAM project in California). A fourth project assists local defense contractors in initiating the process of conversion by offering executives and managers a series of informational seminars on topics relevant to the

commercialization process. Although the strategy is fundamentally different from the other dislocation aversion projects in that it offered relatively general information to a large number of individual executives, the mission was the same: to promote survival of firms by reducing or eliminating their dependency on shrinking defense dollars.

A Project Averting Job Loss By Helping Defense-Dependent Firms Reduce Dependency on the Defense Market

Boston, Massachusetts, The Strategic Skills Program. SSP is a dislocation aversion project serving the entire state of Massachusetts, and is operated by the Massachusetts Industrial Services Program, a quasi-public state agency. Recently recovering from a severe and prolonged downturn in the economy, Massachusetts is particularly vulnerable to defense cutbacks. The goal of this project is to reduce defense dependency among a select group of small- to medium-sized firms, all of which have already made some tangible progress towards conversion. The project deliberately targets small- to medium-sized firms for several reasons, including an assumption that small firms cannot afford to convert or diversify on their own, and that changes may be easier to implement in smaller firms.

Thus, the goal of the Strategic Skills Demonstration is *to help stabilize small- and moderate-sized defense dependent firms* and help them to survive by strengthening commercial sales and reducing dependence on DOD purchases. SSP recruited through a carefully constructed competitive process, designed to weed out all but those firms who could benefit most from the planned services.

RECRUITMENT AND SELECTION OF FIRMS

The selection of firms that are appropriate for the goals and service strategies of a dislocation aversion project is one of the most decisive activities during the implementation phase of the demonstration projects. The manner in which firms were selected, and the characteristics of the firms that participate, have a direct and powerful impact on the project's ability to run an effective program and meet its objectives. In other words, appropriate targeting and selection of firms had to flow from both the objectives of the project and their service strategies. Projects approached this challenge in a number of ways. Some projects devoted substantial time and effort to designing a selection process, including developing detailed selection criteria and procedures. Other projects involved firms that were already well-known to the grantee from another context. In some cases the recruitment of targeted firms floundered and the project had to aggressively recruit any firm that was interested.

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The primary challenge projects faced in planning and carrying out a recruitment plan was to select firms that were in need of and could benefit from the particular form of intervention and set of services the project was planning. Central to this challenge is the problem of gauging and procuring evidence of the level of commitment to change among top managers and executives. For example, some of the difficulties projects have experienced in eliciting the enthusiastic cooperation of participating firms can be traced to the practice of enrolling firms that were at very high risk, but not psychologically ready to change their *modus operandi*. Figure II-2 shows how each project is categorized for this analysis with respect to whether the project targeted firms in early or late stages of diversification, and whether recruitment practices were open or selective.

Figure II-2

Key Features of Dislocation Projects: Targeting and Recruitment Strategies

Project	Targeting Firms in Early Stages of Conversion		Targeting Firms in Later Stages of Conversion	
	Open	Selective	Open	Selective
MATT, St. Louis, MO		X		
Long Island Project, Long Island, NY				X
SSP, Boston, MA				X
Sargent Controls, Tucson, AZ		X		
Machinists ² , Burbank, CA	X		X	
San Diego Business Roundtables, San Diego, CA	X			

²The Machinists Project serves two firms, one of which was recruited at an early stage and the other at a later stage of conversion.

PROJECTS RECRUITING FIRMS IN EARLY STAGES OF CONVERSION

Projects recruiting firms in the early stages of conversion faced some special, and sometimes unanticipated, challenges. One such challenge was once having identified a candidate firm, the project was not always able to immediately gain the trust or cooperation of the firm's management. Managers or owners of firms who may have just begun to realize that the time had come to take some action, but had little notion of how to proceed, were uninformed at best, and highly suspicious of government intervention at worst. These firms typically lacked a strategic plan, or even an awareness of the need for one. Most had little or no understanding of the marketing or sales changes that would be needed, and some lacked basic knowledge of their own accounting system. Clearly, the services that are required to assist these firms differed dramatically from the services needed by firms that were further along or even completing the conversion process.

Three dislocation aversion projects targeted defense-dependent, at-risk firms which needed assistance in assessment or developing and implementing conversion plans (MATT, Sargent Controls, and the San Diego Business Roundtables). A fourth began with the goal of working with a consortium of converting firms (CALSTART) but had to withdraw from this plan and attempt to recruit other firms that were more or less appropriate for the planned services (IAM). This project ended up enrolling two very different firms: one that was in the initial stages of conversion and needed assistance in both assessment and planning, and another that was significantly further along in the process and needed support for retraining. One project recruited a firm that project staff believed was further along in the conversion project than it actually was, and the planned services had to be adjusted somewhat to address the need for assessment and planning (Sargent Controls). Another project in this category sought to attract executives from firms that were considering conversion and needed some basic, preliminary information on how to do so (the San Diego Business Roundtables).

RECRUITMENT PROCEDURES IN PROJECTS TARGETING FIRMS IN EARLY STAGES OF CONVERSION

The procedures and practices used by these projects that were targeting firms in the early stages of diversification and conversion varied. Some projects tended to enroll any defense-dependent, at-risk firm that showed interest in the program, and some projects were forced to conduct fairly aggressive outreach to identify candidates and to convince reluctant managers to participate. Only after several false starts was one project able to enroll the cooperation of two firms, one of which was already involved in a pilot conversion project (RAMP) and the other which was recruited using the contacts through the union (IAM). Due to these unexpected events, both the goals and the service strategies originally developed by this project had to be adapted to better fit the current circumstances, causing confusion and delays.

A second project targeting firms early in the conversion process systematically set out to identify firms that were most at-risk and therefore most in need of assistance. Once a pool of firms like this had been identified through surveys, targeted outreach was performed to recruit the desired number of firms into the program. In some cases manager-owners had to be persuaded to participate, such as the firms participating in the project described in the following inset. Another project selected firms that had demonstrated their willingness and capacity to diversify in a competitive process (see inset on SSP, Massachusetts).

A Project Recruiting Firms in the Early Stages of Conversion

St. Louis, Missouri, MATT. Part of a much larger set of economic development and conversion activities in this multi-county area, MATT seeks to assist firms in adapting their organizational and management structures to better meet the challenges of a changing market. MATT staff began by obtaining lists of defense contractors from agencies, prime defense contractors, and surveys. This information was compiled into a database containing information on each firm pertaining to company size, annual sales, major products and degree of dependence on the defense market. The firms were then ranked according to the probable degree of impact from defense downsizing. A mailing was sent to 1,400 firms, followed up by phone calls. Through a screening and filtering process, MATT ended up with about 36 firms that appeared to need the services most. Managers and owners of these firms were visited and their level of interest and commitment to the project was assessed. Staff were looking for a sincere desire to change; a high probability of layoffs; a high probability of saving a significant number of jobs through intervention; and an ability to convert. Staff looked for firms that were defense-dependent, at-risk and could demonstrate commitment to change, but made no other requirements of participating firms. Appropriately, the project's first recommendation to these firms was to undergo a thorough assessment of their strengths and weaknesses as a first step towards developing a strategic plan.

PROJECTS RECRUITING FIRMS IN LATER STAGES OF CONVERSION

Three projects in the demonstration recruited firms that had already demonstrated some active commitment to conversion and had begun to invest in changes that could lead to improved productivity or competitiveness at the time they began their participation (SSP in Massachusetts, the Long Island Project, and IAM). One project's selection process was driven by how far applicant firms had come in the conversion process, seeking firms that had a fully developed or even partly implemented strategic plan in place and had a management that was unreserved in their commitment to change (SSP in Massachusetts). Some firms were already well on their way towards significantly reducing their defense dependency.³

The other project selected firms with whom they were already quite familiar because they had been the recipients of assistance in their diversification or improvement plans at the time they were recruited. Many had already completed assessments of their workforces or had completed a program to develop business plans, culminating in a "defense diversification methodology" as described in more detail in the following box.

A third project is included in this category as well as the category of projects targeting firms that are in the early stage of conversion. One of the two firms actively participating in the project is H.R. Textron, a defense firm that has been preparing for commercialization for some time along with its own supplier firms.

A Project Recruiting Firms in Later Stages of Conversion

Long Island, New York, The Long Island Defense Diversification Project. All of the nine firms that are participating in the Long Island project had been working with state agencies for several years, and had received funding from a variety of economic development programs. Many had already completed an assessment process, some a strategic plan for conversion in place, and all had been the recipients of the attentions of special consultants. The project approached the firms when the solicitation for the demonstration came out, and all but three firms agreed to participate. The three that did not were later replaced with three additional firms that had also received assistance from the state.

³After the selection process was complete, SSP staff regretted this recruitment strategy for two reasons: First, it deprived them of having significant influence on the firm's plans for conversion and second, because the rejection may have negatively affected these firms' behavior.

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RECRUITMENT PRACTICES IN PROJECTS ENROLLING FIRMS LATER IN CONVERSION PROCESS

Projects hoping to enroll firms already embarked on the road to conversion used different strategies to identify and recruit those firms, and looked for different types of evidence that applicant firms were committed to change and able to take advantage of demonstration-funded services. Only one of these projects, however, developed detailed procedures for identifying willing, eligible and appropriate firms for participation in this demonstration. The careful, selective approach used by this project helped to ensure that management was committed to the project. This commitment may be the single most important firm characteristic associated with a successful conversion (see inset on SSP in Massachusetts).

As described above, one project enrolled a group of firms that had already been identified and assisted in an earlier program. While the selection process for the earlier program was rigorous and systematic, the process for selection of firms for this demonstration was not: the project simply approached the firms and asked for their participation.

The recruitment activity for the third project in this category was an ad hoc response to the unexpected situation of losing the firms with which the project had originally planned to work. The technique this project used to find replacement firms was to use the connections the Union had with local firms to identify appropriate and willing partners.

A Project Recruiting Firms Through a Highly Selective, Competitive Process

Boston, Massachusetts. The Strategic Skills Program. The SSP project in Massachusetts spent considerable effort developing and issuing an RFP, and then visiting and interviewing applicant firms. Interestingly, while SSP staff later regretted this rigorous selection process because it sent "the wrong" message to rejected firms and because it preempted any influence SSP could have had on providing technical assistance to firms developing their business plans, the Massachusetts model appears to have some strong advantages over a more ad hoc approach.

This project developed a careful and detailed plan for recruiting firms, which was carried out in stages. First, SSP developed five basic criteria for eligibility which were reported in the Request for Concept Proposal:

- workforce of 50 to 500 workers;
- workforce employed at manufacturing facilities in Massachusetts;
- sales revenue from defense manufacturing contracts and subcontracts;
- actualized or projected reduction in revenue from defense manufacturing; and
- ongoing concerns with resources to meet matching requirements (50%).

From the 100 firms that responded to the initial mailing and met these criteria, staff eliminated firms that failed to meet the following more-specific criteria:

- small, defense-dependent firms;
- viable, manufacturing firms;
- capability and willingness to contribute resources to training; and
- commitment to change.

About 18 firms submitted full proposals, including descriptions of proposed training content and delivery, costs, and company matches. Project staff visited each of these "finalists" to assess first-hand the physical layout of the firm, the level of commitment among top management, and the relationships between employees and managers. Twelve firms were finally selected for participation, six individual firms and six smaller firms participating as part of a consortium. The result of this screening process was a set of participating firms that had already established commercial products and markets that they wanted to expand. They already had a toehold in the commercial market and now they sought a foothold.

SERVICES PROVIDED

Designing and providing services to at-risk, defense-dependent firms that closely match the project's goals and the characteristics of the participant firms is at the heart of every demonstration project. Determining what the participant firms need, and meeting those needs in the most effective manner possible is the central challenge for all the projects.

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The services actually provided by the projects during the first year of operation tended to fall into three categories, corresponding to three stages of conversion: assessment, strategic business plan development, and training of the workforce. The first two phases primarily involve services provided to the firm as a whole -- usually to top management -- while the second phase primarily involves services to employees. Some projects focused on only one of the three activities; others focused on more than one either sequentially or simultaneously. The projects appeared to vary in the extent to which they will be able to meaningfully integrate the three activities.

The first phase involves a thorough, formal evaluation of the capacity and needs of the firm, workforce skills, deficiencies and attitudes. Analyses are performed of the firm's infrastructure (including design and engineering capabilities, manufacturing capabilities, marketing potential, and organizational structure); a product analysis and a market analysis; skill levels of the workforce; management practices; and the quality of communication between employees and managers. Sometimes employee and management attitudes and job satisfaction are measured.

The second service phase involves assisting the firm to develop a strategic conversion plan, based on the information gathered and analyses during the assessment phase. Ideally, a business plan for conversion includes production or marketing goals, strategies for achieving them, and progress measures.

The third phase introduces retraining of the workers and managers to remedy deficiencies identified during the assessment phase and called for in the business plan. Projects offered one or more of four kinds of training: (1) specific technical or occupational skills ("hard" skills), e.g., set-up reduction time for production skills or the use of new technology; (2) Total Quality Management Skills (TQM), e.g., statistical process control and rationalization of the production process; (3) prototype development and marketing of a commercially applicable product; and (4) management and communication skills ("soft skills") e.g., High Performance Workplace Skills (HPWO), decision-making, communication, teamwork, and continuous improvement skills.

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A fourth hypothetical phase, not yet observable in any of the projects, is applying the information, plans and training skills acquired from the courses in a practical setting. If the goal is to increase worker participation in decision-making processes, for example, the test of whether or not the goal is met is not the percentage of workers who received training or how many hours of training were "consumed," but rather were trainees able to put their new skills into practice and did this make a difference? An issue for the Phase I Final Report will be to analyze the extent to which this fourth phase was entered into by a significant number of participating firms, and whether the training affected worker or manager behavior. A related evaluation question for this later phase is how much training is enough to cause measurable differences in behavior and production.

A central challenge facing the dislocation aversion projects is not only to identify the appropriate "service phase" for each of the firms participating in the project, but to ensure that the services provided under one phase were well integrated with services provided under the other phases. It is too early to determine whether projects will successfully implement all of the phases they planned, let alone which ones will successfully integrate them. Three projects are only recently beginning to arrange for worker training (MATT, Long Island, and IAM). One project, however, is working with firms that have already completed the first two phases, and appears to be successfully integrating the training activities with the two former phases. The integrated training model this project uses is described in the box below. Figure II-3 shows how projects are categorized for this analysis with respect to whether they emphasize services to firms or training services, and whether their emphasis is on building commitment and providing assessment, developing a strategic business plan, training workers, or training managers.

Figure II-3

Key Features of Dislocation Projects: Emphasis on Services Provided

Project	Services to Firms		Training Services	
	Building Commitment, Assessment	Conversion Plans	Workers	Managers
MATT, St. Louis, MO	X			X
Long Island Project, Long Island, NY	X			
SSP, Boston, MA			X	X
Sargent Controls, Tucson, AZ	X		X	
Machinists ⁴ , Burbank, CA	X	X	X	
San Diego Business Roundtables, San Diego, CA	X		X	

A Project Integrating Management Services with Worker Training

Boston, Massachusetts, The Strategic Skills Program. From the start, SSP was concerned with the issue of ensuring that training programs promoted specific strategic goals for the firm and that the training program was well articulated with the conversion plans. The RFP SSP issued to recruit firms required that the firm consider specific types of training, including job skills, team and interactive skills, quality action skills, and basic skills. Training was highly inclusive, with all categories of workers participating in some or all aspects of training. The training managers receive complement the training workers receive. For example, in one firm managers had received training in strategic planning and TQM for two years before the demonstration. During the demonstration, the firm planned to "mainstream" managers in the 32-hour process simplification training along with the employees. In another participating firm, 12 top managers receive a modified version of the training offered to workers with the goal of fostering managers' acceptance of increasing worker participation in decision-making. In most of the firms, management training was broad and supportive of the team-building skills being fostered in workers, rather than focussed on exclusively management issues such as accounting, marketing, or sales strategies.

⁴The Machinists Project uses two different service strategies for the two participating firms.

EMPHASIZING ASSESSMENT AND BUSINESS PLAN DEVELOPMENT

Projects that recruited firms that had just begun the conversion or diversification process tended to emphasize services to support information gathering, assessment, and business plan development, while projects that were assisting firms further along in the process tended to emphasize training designed to address deficiencies or weaknesses in the skills of the employees that had been identified during the assessment stage.

Two of the dislocation aversion projects emphasized assessment services to the firms as a prelude or prerequisite to beginning work on a business plan or training of the workforce (MATT in St. Louis and IAM with Air Transport). Both projects recruited firms that were in the earliest stages of conversion, and had not yet systematically evaluated their strengths and weaknesses nor developed a strategic plan to convert or diversify. Thus, both projects began by working with the firms to complete a thorough assessment of their management practices, skills and attitudes of workers, and technological capacities.

Assessment services to firms are typically provided through private consultants, but one of the two projects emphasizing assessment recommended and promoted an instrument that the managers in the firms could apply themselves. The project director also provided some assessment support herself (see inset on MATT in St. Louis). The second project used the more standard procedure of providing a consultant to work with the firm in assessing the workers' skill deficiencies and marketing potential.

A Project Emphasizing Assessment Services

St. Louis, Missouri, MATT. The MATT Program, which had as one of its objectives to "assist key management staff in developing a strategic plan for conversion or diversification," has stressed providing services to firms rather than workers.⁵ Staff strongly recommended (but did not require) that the firm undergo an assessment as the first step towards developing a plan. The tool MATT uses is developed by the National Center for Manufacturing Sciences, Achieving Manufacturing Excellence (AME). The basic aim of AME is to improve a firm's ability to compete by beginning with a thorough evaluation of its management practices. The instrument consists of core requirements for excellence, a step-by-step methodology for evaluating a firm's performance vis-à-vis these requirements, and guidelines for formulating a continuous improvement program. Small groups of owner-managers from MATT firms attend a one-day-long session to learn the tools for conducting the assessment, which is so intensive and time-consuming that some firms had to halt production to undergo the process. The use of the owners-managers themselves as the "assessment consultants" is an interesting alternative to the more common practice of hiring outside consultants.

Of the nineteen firms currently participating, ten chose to use the AME procedures, seven had begun the process, and three had completed it. The remaining firms chose private consultants to perform the assessments needed to begin the conversion process.

In addition to the two projects mentioned above, a third project began work with a firm that staff had initially believed was committed to conversion and even had an idea for a possible commercial application for their product, only to discover that the firm lacked a detailed strategic plan for conversion. Several months into the demonstration, the project shifted its emphasis to accommodate this discovery, and began to encourage the management to work on a business plan. A survey of employee skills and attitudes was completed and the results used to inform the process of determining what kind of training needs staff had as well as the development of strategic production and marketing plans.

EMPHASIZING TRAINING EMPLOYEES TO FACILITATE CONVERSION

Virtually all of the defense aversion grantees included in their proposal plans to address the skills deficiencies in the workforce to promote and better cope with changes in production or corporate culture associated with a successful transformation into a company that can

⁵ MATT has proposed to begin worker training within the next few months.

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successfully compete in the commercial market. In their plans, some projects emphasized training of workers only, while others emphasized training managers along with workers. Projects also varied in whether the emphasis of the training would be on "hard skills," "soft skills" or both as their main strategy to facilitate conversion. As discussed at the beginning of this section, three projects had planned to provide firms with support for training but had not yet implemented or had barely begun implementing their training plans by the end of the first 12 months of the demonstration (IAM, MATT and Long Island). One of these projects was working with firms early in the conversion process, and found that engaging the commitment and cooperation of the firms, and then assisting them with assessment and business plan development, took longer than expected. The second project struggled to identify appropriate providers of the HPWO training it planned to provide its participating firms, and as of this writing had still not begun funding any training. In the third project, the entire demonstration was postponed (and no dollars spent until a year after start-up) when the original plans to work with CALSTART collapsed. Training in one of the two replacement firms had just begun at the time of this writing. All three projects plan to emphasize training during the proposed extension period.

The delays experienced by at least half of the dislocation aversion projects point to a general lesson for future projects when planning a conversion project. It may be unrealistic to expect to move a firm through all three phases (assessment, planning, and training) in less than one year, or even two years. Only those projects that worked with firms that already had clear plans and procedures and were backed by strongly-committed managers successfully embarked on providing training within the initial year.

For the two projects that managed to establish training services to some or all of their firms by the end of the first twelve months (SSP and Sargent Controls), the type and intensity of the training courses as well as who participated and the entity that provided the training differed.

Plans for training workers at Sargent Controls were formulated and even implemented before a detailed strategic plan for conversion was in place. Once the survey of the skill levels

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of the employees and management was completed, additional courses were offered to address deficiencies revealed by the survey. The scope and intensity of the training offered to the employees of Sargent Controls probably exceeds any other in the DCA demonstration (see inset).

The training model in the second project is described at the beginning of this section.

A Project Emphasizing Training Workers to Facilitate Conversion

Tucson, Arizona, Sargent Controls. Sargent Controls & Aerospace produces hydraulic control valves for submarines and aircraft. About 80% of their sales are defense-related. The commercial work that Sargent does is relatively new and separate from the defense-related production. Sargent has one facility and about 170 employees. Most have been employed at Sargent for three to five years, are male, over age 30, and have a high school degree or more.

All employees and some mid-level managers participate in at least one type of training. Most of the over 20 courses are offered through local community colleges. Examples of the type of training workers receive include seminars or courses in TQM, basic and remedial training, human resources, marketing, purchasing, statistical process control, ISO 9000, product redevelopment, NDT (non-destructive testing), manufacturing engineering and world-class manufacturing, finance/accounting, computer skills, manufacturing supervision, and management sensitivity. Courses vary in length and intensity from a few hours a week to ongoing.

PROJECT ORGANIZATION AND ADMINISTRATION

A key challenge in building an effective administrative structure for testing a dislocation aversion strategy lies in defining the role the grantee should play in selecting the services and service providers firms need. Projects are experimenting with varying levels of project administration involvement with decisions affecting the use of funds in the firms. The projects' experiences to date suggest that too much firm autonomy may lead to the firm pursuing directions that may not be completely compatible with the goals of the demonstration; too little autonomy may lead to passivity on the part of firms. *Giving the firms a high degree of responsibility, while expecting a high level of effort and commitment in return, is the model most likely to lead to a successful and fruitful relationship between grantee and firm.*

The Implementation Experience for Dislocation Aversion Projects

A second challenge for managers of dislocation aversion projects is ensuring that the individuals working most directly with the firms have a familiarity and credibility with private businesses, but also close ties with the employment and training community. The degree to which projects can successfully meet these challenges directly affects the project's ability to foster and maintain commitment, involvement and effort on the part of both management and employees in at-risk defense firms. Most of the projects combined roles in the project's administrative structure for the local or state Title III offices and an organization that had experience in working with at-risk businesses. Figure II-4 shows how projects are categorized with respect to whether they work with firms that are relatively autonomous or whether the project takes a more active role in identifying and providing services. Figure II-4 also shows which projects work actively with a local Title III agency in planning or carrying out the demonstration.

Figure II-4
Key Features of Dislocation Projects

Project	Projects Working With Autonomous Firms	Projects With An Active JTPA Partner
MATT, St. Louis, MO		
Long Island Project, Long Island, NY	X	
SSP, Boston, MA	X	
Sargent Controls, Tucson, AZ	X	X
Machinists ⁶ , Burbank, CA	X	X
San Diego Business Roundtables, San Diego, CA	N/A	X

⁶One firm this project works with is relatively autonomous and the other is more dependent on active project involvement.

PROJECT CONTROL AND FIRM AUTONOMY IN SELECTING SERVICES

Most of the dislocation aversion projects give participating firms a high degree of control over how resources are to be used within the firm. Four projects encouraged firms to make decisions on their own, and sometimes adopted a “hands-off” attitude even when staff felt some discomfort with this level of autonomy (SSP, Sargent Controls, the Long Island Project, and the Machinists with Air Transport). Generally, these projects tried to set some parameters within which firms could make decisions, and reserved at least a veto right for some decisions. One of these four projects attempted to influence firm behavior by providing a list of approved consultants from which the firms could select but left the final decision in the hands of firm management (Long Island). Two projects left provider selection up to the firms (SSP and Sargent Controls), stepping in only if there were problems. One project worked with a firm that had already selected services and providers (IAM with H.R. Textron).

Two projects among the Round I grantees have adopted a strategy where they are far more active in making decisions about choice of consultants and services the firms need. One project developed a list of consultants from which firms were encouraged to select in close consultation with the project director. These firms were also strongly encouraged to use a particular package for their assessment, although they were not required to do so (See inset on MATT in St. Louis). In the second project the consultant and to a large extent the training model being used in the firm that is further along in the conversion process (H.R. Textron) is being used by the second, less advanced firm (Air Transport). Once the consultant was arranged for, however, it appears that the grantee is less actively involved in the day-to-day management of activities.

A Project Giving Firm High Control

Tucson, Arizona, Sargent Controls. In this single-firm demonstration, Sargent Controls is a very active partner in the demonstration and is responsible for most of the activities taking place under the demonstration. The firm produced the initial list of training courses for the demonstration, and selected vendors and other services. While the firm does consult with the grantee frequently before making decisions, compared to firm behavior in other projects, this firm is very autonomous. Although the project gave Sargent some guidelines for procuring services, a "cap" of \$25,000 for any given service, and a requirement that the project must formally approve decisions, the firm is responsible for recruiting, selecting and monitoring all providers. The project may have adopted more of a hands-off stance than it originally had intended or believed is most effective in part because of the firm's initial suspicion and distrust of outside intervention. Although the relationship between the grantee and the firm has become more trusting recently, project staff name this initial hostility and distrust as the single most important barrier to operating an effective intervention for this firm.

A Project Taking the Lead With Firms

St. Louis, Missouri, MATT. In contrast with the other dislocation aversion projects, the St. Louis project plays a much more active role with participating firms in all phases of service delivery. MATT staff in St. Louis work closely with participating firms, providing directly much of the consulting needed to assess or foster management commitment, assessing the potential of the firm to diversify, develop a plan, arrange for marketing or accounting training and so on. If the firm needs or requests additional services, they may pick a consultant from a database of about 60 screened consultants identified by the MATT Project Director through her own networks. Firms meet regularly and intensively with the PD to describe their consulting needs and to receive the Project Director's recommendations. MATT staff reimburses consultants, intervenes when there are problems, and monitors the relationship between the consultants and the firms.

PROJECT PARTNERS

A wide range of organizations and entities are involved with the administration of the dislocation aversion projects, including Title III local and state offices, PICs, state economic development agencies, labor or employment agencies, private firms, consortia of firms, councils on economic conversion, a union, and a university. *The inclusion of two types of partners seem particularly important for the successful implementation of the dislocation aversion strategies:*

The Implementation Experience for Dislocation Aversion Projects

a Title III entity to ensure that the employment and training needs of firms are addressed adequately, and an organization that enjoys credibility with the business sector to gain the trust and cooperation of managers and workers.

All of the dislocation aversion projects had some relationship with either the local Title III program or the state-level Title III offices. However, the level of that involvement varied greatly, from projects that included the substate area (SSA) as a formality to increase the likelihood of receiving funding, to projects where the SSA plays a lead role in designing, carrying out, or documenting the project. An example of the former group is MATT, where the official grantee is the local SSA administrative entity but has no involvement with the project. Two projects work fairly closely with the local PIC. In San Diego, the Business Roundtables are run by CONNECT, a University of California Extension program working in a PIC-led consortium, a group of public and private organizations working to save jobs in the San Diego area. The Machinists in Southern California collaborate closely with the Verdugo PIC, as they have for years. The local Title III program in Pima County, Arizona is the grantee for the Sargent Controls project.

The two remaining projects, Long Island and SSP in Massachusetts, are both administered by a state or regional agency (one of which is the state Title III administration), and the local SSA has no role in the projects. Operating in a state with highly decentralized state offices, The Long Island Project is administered by the Long Island Regional Office of the New York State Department of Economic Development (LIRO), but has no connections with the local Title III programs. SSP is run by a quasi-public agency, the Industrial Skills Program, which is jointly overseen by the Massachusetts Executive Office of Labor and the Executive Office of Economic Affairs. Although housed with the Title III Rapid Response Team, Title III staff are not involved with the DCA demonstration administration. In both of these projects, the lead administrative organization has a long track record of serving firms, which undoubtedly gives the projects a high degree of credibility with firms participating in the demonstration.

SUMMARY AND CONCLUSIONS

Six projects among the Round I grantees are testing strategies to avert job loss through working with at-risk firms and workers to stabilize and improve the firm's chances for survival. The dislocation aversion approach is arguably the most innovative, as a whole, of all the approaches funded by the DCA Demonstration. Each project is breaking new ground; each project is facing unique challenges.

The first challenge is to set goals that are realistic, measurable, and closely tied to targeting and service strategies. Attempting to turn around defense-dependent firms that may be ill-prepared to compete in the commercial market, is a formidable task. It may be even more difficult within the relatively limited time and funding constraints of the demonstration. Most of the dislocation aversion projects chose to include in their formal goal statements language that suggested the expectation to reduce defense dependency in participating firms, as measured by factors such as a reduction of the total sales to a defense customer or the marketing of a commercial application of a defense product. A few projects avoided conversion as a goal that could be reached within the demonstration period. These projects focussed rather on providing services that would enhance defense-dependent firms capacities to compete in any market.

The second major challenge discussed in this section is to identify and enroll firms that were in need of and could benefit from the services the project was planning to offer. A targeting strategy appropriate to the goals and service strategy proved to be of crucial importance during the implementation phase of this demonstration. About half the dislocation aversion projects targeted firms that had recently begun investing resources in conversion and diversification, and about half the dislocation aversion projects recruited firms that were substantially more advanced in their conversion processes. Similarly, while half the projects used detailed and polished recruitment and selection procedures to pick the firms most closely matching their target group, half the projects practiced more open recruitment practices.

A third challenge facing the dislocation aversion projects is to create or arrange services that are appropriate to the characteristics and needs of participating firms. A related challenge

The Implementation Experience for Dislocation Aversion Projects

A third challenge facing the dislocation aversion projects is to create or arrange services that are appropriate to the characteristics and needs of participating firms. A related challenge is to ensure that the services that are offered are well articulated with the conversion plans and goals of the firms. The process of assisting defense-dependent, at-risk firms tends to follow three stages. These are: (1) collection and assessment of information needed to assess the firm's weakness and strengths, and to develop a strategic plan for change; (2) the development of a strategic conversion plan; and (3) provision of training to employees to prepare them for conversion processes.

The projects as a group offered services under all three phases. About half the projects emphasized services to firms that were designed to build commitment or inform and prepare management for developing strategic conversion plans. Most of these projects emphasized services to build commitment among management and to provide information to management about workforce skills, technological capacities, and other factors important to the conversion process. Half the projects skipped this phase, assuming the firms had already completed this process. These projects emphasized training to employees, and to a lesser extent, managers. The types of training provided for by projects varied widely. Some projects emphasized training in "hard skills" such as occupational training to use new machines. Other projects emphasized training in "soft" skills, such as communication skills, team-work and sensitivity training for managers.

A fourth challenge faced by dislocation aversion projects was to administer activities to maximize firm participation and effort, while ensuring that project managers remained active partners in selecting and delivering services. Some projects adopted a "hands-off" stance with participating firms, allowing firms a high degree of discretion in selecting and monitoring consultant services. Other projects preferred close, collaborative relationships with firms, keeping tighter control over the services firms received. The most successful arrangements appear to be in projects that include an administration with credibility and a track record in working with firms. Projects that expected commitment and effort from firms, while granting them a high degree of responsibility and autonomy, were also among the most promising.

PART B

PROFILES OF THE DISLOCATION AVERSION PROJECTS

SARGENT CONTROLS PROJECT: PIMA COUNTY, ARIZONA

The Sargent Controls Project, a joint effort of the Pima County Community Services Department (the Title III substate grantee) and the Arizona Council for Economic Conversion, is designed to support the conversion of one small defense-dependent manufacturer of nuclear submarine valves. Project activities are intended as a learning laboratory to develop the capacity of local agencies to assist other firms in the conversion process. Demonstration resources are devoted to assessing the skills and attitudes of Sargent Controls' workers, evaluating the firm's facilities and markets for potential products, and retraining the entire work force for commercial production. The project's worker retraining is far-ranging and includes courses in statistical process control, marketing, new product development, computer skills, and assorted technical subjects.

PROJECT CONTEXT, PLANNING, AND GOALS

CONTEXT

Employment and population in Pima County are concentrated in the Tucson metropolitan area, which prospered during the 1980s, with employment gains of 2.8% annually. Agriculture, retailing, and service industries experienced the greatest growth, and almost 60% of new jobs were created in the latter two sectors. Manufacturing and other goods-producing sectors, by contrast, grew more slowly, and accounted for less than 20% of new jobs in Pima County during the decade.

Defense cuts in the early 1990s led to decline in Pima County's manufacturing sector. Between 1987 and 1992, employment fell from 31,000 to 24,300, a drop of 4.8%. Machinery

Sargent Controls Project

and aerospace industries were disproportionately affected by downsizing, shedding between 6% and 7% of their total jobs over the same five-year period. Job losses due to manufacturing declines are expected to continue during the remainder of the decade, but may be partially reversed by employment growth of Hughes Missile Systems Group, the county's largest private employer, which is consolidating defense production lines from across the country in Tucson.

While the Pima County economy appears resilient enough to bounce back from defense cutbacks, the future of Sargent Controls, the firm targeted by the demonstration project, is less certain. Slightly more than 130 employees work for Sargent Controls, which depends heavily on contracts associated with the Seawolf submarine. Recent military cutbacks have led to a precipitous decline in orders for the Seawolf, and have put the entire Sargent Controls work force at risk of dislocation. New markets and products are the only option for the company's survival.

PLANNING

The Pima County Community Services Department and the Arizona Council for Economic Conversion prepared their demonstration project with the intent of learning how to avert layoffs at defense-dependent firms. As the Title III substate grantee, the Community Services Department had extensive experience working with distressed businesses, while the Arizona Council for Economic Conversion had strong contacts with local defense firms, yet neither organization had prior experience with helping defense firms convert to commercial production. Project planners from both organizations were struck by the urgency of defense conversion, but had no clear model for how to proceed with an actual firm. In the absence of a model for action, project planners identified a single at-risk firm that was willing to participate in a demonstration project, and designed a training curriculum that seemed to meet the needs of the company for the development of new products and the retraining of workers to produce them. Efforts to convert the Pima County defense sector would start with one firm.

In concentrating resources on a single firm, the Sargent Controls Project offers a model that is unlikely to be replicated, regardless of its results. Retraining costs accounted for approximately half of the original demonstration grant, a level of spending that would be difficult to justify on any broader scale.

GOALS

When the Pima County Community Services Department, the Title III substate grantee, applied for the demonstration, Sargent Controls was almost entirely defense-dependent. Its fortunes were tied to the Seawolf submarine, a program that had experienced recent drastic cuts. The initial goal of the project was to avoid layoffs for Sargent Controls' at-risk workers by helping the plant convert to the production of new products for commercial markets.

In addition, the Pima County Community Services Department and its partner, the Arizona Council for Economic Conversion, saw the demonstration as an opportunity to increase their capacity to work with struggling defense businesses. Sargent Controls was only one of many companies in the Tucson area facing serious declines in defense revenues. As a long-term goal, the planners of the Sargent Controls Project sought to school themselves in the business of conversion assistance.

As originally conceived, the Sargent Controls Project would pursue these goals through an extensive program of worker retraining. Managers and production workers alike would participate, undergoing retraining in a long list of subjects, including statistical process control, marketing, new product development, computer skills, and assorted technical topics. Soon after the project began, planners realized that retraining was only one piece of the conversion process necessary for this firm, and expanded their conversion strategy through the addition of several additional activities. Detailed assessments of workers' skills and attitudes, and of company systems, processes, and equipment were designed and implemented to supplement the worker retraining effort, and to provide critical information to assist the firm's managers in planning for conversion.

Sargent Controls Project

By adding these new activities, project administrators significantly altered the original goals of their work with Sargent Controls. They recognized the weakness of their original goal to convert Sargent Controls through retraining alone, and modified the project to include planning for conversion. Retraining continued to play a critical role, but planning for conversion took on an importance not reflected in the project's original goals.

PROJECT ORGANIZATION AND COORDINATION

PROJECT ORGANIZATION

In addition to the Sargent Controls Project, the Pima County Community Services Department administers a broad range of public programs, including Job Training Partnership Act Titles II and III, Community Service and Community Development Block Grant programs, a variety of housing-related programs, and services to the homeless. The Community Services Department's Regional Re-employment Center (RRC), which administers JTPA Title III activities, oversees the day-to-day operations of the demonstration project.

The RRC's role in the demonstration is largely administrative. The RRC manages the demonstration grant, coordinates with the U.S. Department of Labor, approves training vendors and other subcontractors, and oversees the demonstration-related activities of Sargent Controls and the Arizona Council for Economic Conversion (ACEC). ACEC serves as subcontractor to the RRC and works closely with Sargent Controls to implement the training program and other demonstration activities. ACEC is a small, non-profit organization and was founded in 1990 with a mission "to educate defense-oriented industries." It has been co-located with the RRC for several years, and was a natural choice for its subcontracting role.

As the sole participating firm during the first 18 months of the demonstration, Sargent Controls is also an active partner, and has made substantial in-kind commitments to the project while working with the RRC and ACEC in the management and planning of the demonstration. Sargent Controls produced the initial list of training courses for the demonstration, selects

vendors for training and other services, and confers with the RRC and ACEC frequently on the status and progress of the project.

COORDINATION WITH OTHER DEFENSE CONVERSION ACTIVITIES

The Sargent Controls Project has no direct ties to other defense conversion activities, but is expected to inform future conversion efforts by the Arizona Council for Economic Conversion. ACEC, in cooperation with the State of Arizona, was recently awarded a grant from the Department of Defense, Office of Economic Adjustment to develop and implement a process for modernizing and diversifying defense firms. ACEC will be working with a large number of firms on this new project to assess their basic conversion needs, and plans to complete a detailed modernization and diversification plan for a single company. As a precursor to these activities, the Sargent Controls Project has helped ACEC to develop its capacity and refine its methods for working with defense-dependent firms.

TARGETING FIRMS AND WORKERS

The issue of targeting received less attention in the Sargent Controls Project than in other dislocation aversion efforts because only a single firm was involved, and virtually all of its workers were expected to participate. Targeting was thus an issue only at the outset of the demonstration planning process, when the Pima County Community Services Department and the Arizona Council for Economic Conversion sought candidate firms for participation in the demonstration, and identified several criteria such firms should meet. Their ideal firm would be small and defense-dependent, and its employees would be at-risk of dislocation unless the firm diversified. In addition, the firm's management would be open to change and supportive of conversion.

Project planners targeted smaller defense-dependent firms because they seemed less capable of converting on their own than larger defense prime contractors. The presence of management at these firms with a strong commitment to conversion was considered important

Sargent Controls Project

because project planners hoped to concentrate their efforts on converting the firm, and skip the prior step of convincing the firm's management of the necessity for conversion. Not long after the demonstration began, however, project administrators discovered that management at Sargent Controls was less committed to conversion than originally believed. At the time of the first site visit, project planners were struggling with resistance to change among senior management, and the company's future appeared to be in jeopardy. Although the project's training and assessment efforts were moving ahead on schedule, senior managers were concerned by the changes and costs of conversion, and resisted the efforts of project planners to prod the company into commercial production.

Although the project's plans called for the retraining of virtually all the firm's workers, not all were targeted for the same retraining. Instead, workers were selected for specific training courses according to their department and position. For example, production workers were targeted for training in statistical process control while top managers were expected to participate in a broader, more general seminar on world class manufacturing. Administrative support staff were targeted for business computer training while purchasing staff were targeted for a seminar on negotiating skills.

SERVICES PROVIDED

SERVICES TO FIRMS

Firm-level services to Sargent Controls consisted of two major activities: an assessment of employee skills and attitudes; and an assessment of production systems, processes, and equipment. The contract for this first service, formally titled the "Skills, Aptitude & Job Satisfaction Assessment," was awarded to a small, local consulting firm through a competitive process, and was completed over a period of two months. During this time the consulting firm surveyed nearly all of Sargent Controls' employees.

This employee assessment process culminated in a report on the skills and attitudes of Sargent Controls' workers. Project planners added specific courses to the retraining curriculum as a result of the report, and customized the content of other courses to suit the needs of Sargent Controls' workers. For example, in response to findings that managers were deficient in communication skills, the training curriculum was revised to include a course on management sensitivity. When the assessment noted the lack of business computer skills among administrative support staff, a series of courses was developed to remedy this need.

A second assessment was added to the planned demonstration activities when it became apparent that Sargent Controls' plans for conversion were not keeping pace with plans for retraining. This activity examined Sargent Controls' production systems, processes, and equipment, and was conducted by a group titled the Economic Diversification Team (EDT). The EDT was led by two project managers, one a management consultant and Arizona Council for Economic Conversion board member, and the other a dislocated worker with 30 years of management experience in the defense industry. Other EDT members included the project's instructor for statistical process control retraining and several additional dislocated workers. Although the firm initially resisted opening up this process to outsiders, it came to respect and value input from this group, whose work extended over a six-month period. None of the team members were compensated for their efforts.

The EDT assessment spanned several components. These included an *infrastructure analysis* (with assessments of design and engineering capabilities, manufacturing capabilities, marketing, and organizational structure); an *in-house product market analysis* (including a review of current product and marketing efforts); *market research* (including research on products and customers, and the identification and analysis of companies that have converted); and the *preparation of a marketing plan* (for current products and for proposed new products and markets). The EDT also identified *training needs and resources* to implement these marketing plans. All of these components were documented and communicated to Sargent Controls' management in the form of detailed, written reports.

SERVICES TO WORKERS

Project planners dedicated a majority of demonstration resources to services for workers, and designed an extensive retraining curriculum involving virtually all of Sargent Controls' employees. Fourteen separate courses and seminars were planned, covering a variety of subjects and involving all departments in the company. These courses include marketing, negotiating skills, purchasing procurement, statistical process control, ISO 9000, new product development, manufacturing engineering, world-class manufacturing, commercial finance and accounting, business computer skills, manufacturing supervision, and management sensitivity.' Courses varied in length from several hours to several days, and were targeted to specific groups of employees according to their position and department. Most courses were designed for fewer than ten employees, but two -- statistical process control and business computer skills -- served more than 40 workers each.

PRELIMINARY OUTCOMES

Project planners have emphasized qualitative outcomes in their expectations for Sargent Controls. All outcomes (except for worker retention and training course completions) are based on changes in attitudes and behaviors among Sargent Controls employees and managers, and on the attainment of specific milestones. For example, project planners are qualitatively gauging change in Sargent Controls' corporate culture, with the expectation that the firm will become more open to change and to commercial production. Project planners are also hoping to see Sargent Controls develop plans for new products and markets, and internalize the long-term commercial goals of the EDT process.

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS (IAM): A DEFENSE CONVERSION ADJUSTMENT DEMONSTRATION IN SOUTHERN CALIFORNIA

The International Association of Machinists and Aerospace Workers (IAM) project plans to serve both at-risk and dislocated defense workers in the Los Angeles area by targeting: (1) defense-dependent firms attempting to convert military projects for use in commercial markets; as well as (2) start-up firms creating new jobs in the emerging electric vehicle industry. The project will train workers at two individual firms and at firms belonging to two consortia. Training will be tailored to the needs of each participating firm or consortium. For all trainees, instruction will emphasize skills needed to support firm plans for successful competition in non-defense markets, including high performance workplace skills and enhanced technical skills to accommodate advanced manufacturing processes and equipment. Some firms will also train workers in the skills needed to design and produce prototypes for new products.

PROJECT CONTEXT, PLANNING, AND GOALS

CONTEXT

Throughout the 1980s, the manufacturing economy of the Los Angeles region was heavily dependent on defense manufacturing and production. In 1987, California had approximately 375,000 workers in the aerospace industry; 80% of these workers were in the Los Angeles area. Between 1987 and 1991 aerospace employment in Los Angeles dropped by over 20% (compared to a national drop of 11% over the same period). Recent estimates indicate that job losses in aerospace in the Los Angeles region may reach 200,000 or over 50% of the 1987 employment levels in this industry.

At the same time that local aerospace firms such as McDonnell Douglas and Lockheed have drastically curtailed their workforces, the region's other manufacturing industries have also been in steady decline. To reduce labor and other costs of doing business, a number of

IAM

manufacturing firms have moved production to other states and other countries. By early 1994 the official unemployment rate hovered around 9.5%. Because Los Angeles has a large number of discouraged workers -- many of whom are older workers -- actual unemployment numbers are significantly higher than the official estimates. The Van Nuys earthquake in February 1994 dealt the Los Angeles economy an additional blow, disrupting business activity in the short-term (or long-term for plants suffering substantial physical damage) and extending travel times and complicating commute routes for many workers.

PLANNING

The demonstration was initiated by the International Association of Machinists and Aerospace Workers District 727 and planned with the Verdugo County Private Industry Council. Once among the most powerful union organizations in the country, IAM's membership has been sharply reduced as a result of the decline in defense manufacturing. IAM operates its own job assistance center for union members and has worked closely with the Verdugo County PIC to respond to layoffs and provide assistance to dislocated workers. In designing the IAM project, staff were assisted by the Verdugo County PIC's Labor Management Committee. The chair of this committee devoted his considerable experience working with aerospace firms and workers as well as his networking skills to assist in the planning and design of this project, and continued to play an instrumental role after the award of the demonstration grant.

Both IAM and Verdugo County PIC faced the same problem in attempting to serve dislocated workers -- the lack of job growth in the region. One of the key planners at IAM said "We could no longer just sit back. We had to be creative and look for new avenues of job creation."

While preparing the initial proposal, IAM and the Verdugo County PIC identified the advanced transportation industry in general, and the production of components for electric cars in particular, as one of the most likely avenues for new job growth in the region. Furthermore, planners thought this emerging industry could benefit from some of the transferable skills of

dislocated aerospace engineers and production workers (e.g., experience building prototypes and working with composite materials). The electric car industry already had a consortium of firms and public agencies interested in sharing information and supporting the development of the electric car industry -- CALSTART -- and a start-up firm ready to develop and produce electric car prototypes for the mass market (Amerigon Ventures). CALSTART was thought to be the perfect job creation strategy; the numerous firms in the CALSTART consortium would be able to expand their production once a mass market emerged for the electric car, enabling them to employ substantial numbers of skilled dislocated workers. Thus, a plan to fund CALSTART to assist in the training of dislocated defense workers for employment in the electric car industry became the centerpiece of the IAM demonstration proposal.

GOALS

The goals of the project were originally developed with the CALSTART effort in mind. Under the CALSTART proposal, workforce training funded with DCA demonstration funds was to be only one portion of the large scale effort (\$35 million) to support the design, manufacturing, and marketing of electric cars. Planned workforce training under the initial CALSTART plan included training in two areas: (1) skills necessary for building new product prototypes, and (2) general skills to support competitive production in commercial markets, including teamwork skills, customer orientation, and communication/decision making skills to support production flexibility and quality.

Under the initial plan, the DCA demonstration funds would have supported retraining of dislocated defense workers who would be hired for new positions in CALSTART firms, while other funds would have been used for workforce training for workers already employed by these firms. Unfortunately, the time schedule for the development of electric cars by the CALSTART consortium was delayed when the federal government slowed down its required schedule on the production and sale of nonpolluting vehicles under the Clean Air Act. General Motors withdrew its financial support from CALSTART, and the DCA demonstration was left without a business client to use its training plan. Much of the first 18 months of the demonstration period has been

consumed by efforts to recruit additional firms and identify new strategies for creating or preserving jobs for dislocated or at-risk defense workers.

When the CALSTART plan was delayed, the demonstration broadened its plans to include both dislocation aversion and worker mobility approaches. New activities emphasize dislocation aversion. Most of the firms recruited by IAM are defense-dependent firms interested in retaining existing workers by diversifying into commercial markets. Additionally, one small start-up firm is interested in hiring new workers to design and fabricate lightweight body parts for electric vehicles. For this firm, the goal of the demonstration is to retrain dislocated defense workers who have experience working with composite materials for new jobs with the participating firm.

Throughout these shifts in overall project focus, the retraining needs of the targeted workers and the retraining goals have remained quite similar. The IAM project has identified general training objectives for both at-risk and dislocated workers. These include promoting efficiency and competitiveness through training that supports:

- Consumer-driven production.
- Innovative production, including prototype building and problem solving.
- Solution of problems using data.
- Development of flexible skills, and the ability to shift readily from one task to the next.
- Efficiency of labor and management interactions, thereby reducing the cost of components and the cost of production.
- Understanding the linkages between improved productivity, quality and job security.
- Information systems skills for workers.

In addition to these general project goals, each firm is responsible for developing goals specific to its conversion needs.

PROJECT ORGANIZATION, FUNDING, AND COORDINATION

ORGANIZATION AND COORDINATION

Lodge 727 of the International Association of Machinists and Aerospace Workers is the demonstration grantee and has been instrumental in designing and implementing the project. IAM staff oversee the day-to-day operations of the demonstration and have had the primary responsibility for recruiting firms and identifying and arranging for educational institutions to provide training to at-risk and dislocated workers.

The Verdugo County Private Industry Council serves as the administrative entity, responsible for documenting participant eligibility, tracking participants, and fiscal management and oversight. In addition, Verdugo County PIC will select participants for any demonstration activities targeted to dislocated workers (from their pool of Title III enrollees) and will provide needed basic readjustment and supportive services using EDWAA funds. The chair of Verdugo County PIC's Labor Management Committee has also played a key role advising IAM and participating firms.

OUTREACH AND RECRUITMENT OF FIRMS

CALSTART and its associated start-up firm, Amerigon, were the initial business entities targeted for project participation. The connection with CALSTART/Amerigon evolved from a preexisting relationship between Verdugo County PIC's Labor Management Committee, IAM, and former Lockheed executives involved with the CALSTART consortium.

When the timetable for CALSTART's activities was delayed by the withdrawal of GM support, IAM tried to recruit firms using its connections with unionized companies, firms participating in the CALSTART consortium that were interested in increasing their overall competitiveness, and the connections of the Verdugo County PIC Labor Management Committee. The project staff found two firms interested in retraining existing workers: a

medium-sized firm supplying electrical parts to defense and civilian aerospace firms, and a small manufacturing firm (30 workers) totally dependent on defense contractors that lacked a clear plan for diversification or conversion. The first of these firms had recently formed a consortium involving approximately 30 small companies that supplied parts and materials for its own products and was interested in developing a worker retraining approach that would improve product quality, production efficiency, and flexibility for itself and for its suppliers. The second firm wanted to retain its existing workforce, but lacked a clear plan for diversification or conversion. In addition, IAM identified a third firm interested in participating by hiring dislocated defense workers. This firm is a start-up company affiliated with CALSTART that was interested in hiring dislocated defense workers to produce lightweight body parts for electric cars.

One strategy used by IAM in this second round of recruitment was to target firms that had applied for ARPA Technology Reinvestment project grants to transfer defense technologies to the commercial sector. IAM hoped that leveraging additional public funds would increase the scope and likelihood of success of any job creation/retention efforts undertaken.

OUTREACH AND RECRUITMENT OF WORKERS

At the two firms that will be training at-risk workers, nearly all employees are expected to participate in retraining. The small firm which is 100% defense-dependent has production procedures and technology that lag behind commercial manufacturing standards. In this firm, workers will receive training in high performance workplace skills. Many will also receive training in how to operate new, advanced machinery. In the small firm all 30 employees will participate in a single round of training. In the medium-sized firm, which already has some commercial sales, training will be conducted in two phases to accommodate a quasi-experimental design. A first group of approximately 113 workers will be trained in high performance workplace skills and a comparison of their experiences and performance with those not receiving training will be used to measure the success of training as well as to adjust the curriculum for

later trainees. In subsequent training phases this company's supplier firms will also be able to send workers to training.

The start-up firm targeting dislocated workers for training is looking for workers with specific transferable skills, including prototype development and composite materials manufacturing. Verdugo County PIC and IAM will recruit from among the dislocated workers they serve. The training opportunities will be posted in letters to dislocated workers and in IAM newsletters. Case managers will recommend training to those with the appropriate work experience. For the two firms targeting at-risk workers, IAM will assist the firms in obtaining management consulting to help develop and refine strategic plans for conversion.

SERVICES PROVIDED TO FIRMS

Although this demonstration focuses on worker retraining, it has targeted firms that are in various stages of planning for diversification or start-up. To be successful, the demonstration needs to support firm efforts to become competitive in new markets and ensure that training plans are linked to and support firm-level diversification goals.

SERVICES PROVIDED TO WORKERS

The IAM project emphasizes worker training. Although IAM specified the project's general objectives, each participating firm is responsible for tailoring its own training approach and refining project goals to meet its own needs.

To address the needs of these participating firms, IAM obtained the help of industrial consultants and educators at California State University, Los Angeles and Glendale Community College. Each will provide instruction in high performance workplace skills, technological upgrades, and even management consulting to develop strategic plans for conversion in one firm. Consultants from these schools will work with the companies to develop training curricula that

emphasize high performance workplace skills. The training will be based on worker needs identified during the process of developing strategic plans for conversion. In addition, each of these two firms is planning technological upgrades. These upgrades will be designed and tested at California State University's Manufacturing Technology Center, where workers will receive training needed to operate and maintain new machinery.

The start-up firm planning to train dislocated workers will use its own employees who are knowledgeable about prototype building and manufacturing composite materials to design curricula and train workers. High performance workplace skills will be included in the curriculum as well. For this activity, dislocated workers will not be actually hired until after the conclusion of training. In addition to participating in customized skills training, dislocated workers will also be able to receive basic readjustment services through Verdugo County PIC's EDWAA program. Their available services include career counseling, job search assistance, supportive services, and help with placement if needed. If all goes well, however, dislocated workers will be placed at the firm where they are trained.

PRELIMINARY OUTCOMES

IAM's project has been slow getting off the ground, primarily because of the change in plans that occurred when the CALSTART effort stalled. IAM spent significant time finding new project participants and planning new training for at-risk and dislocated workers. As a result, training started later than expected, during the second week of February, 1994. IAM currently projects that training will continue through June of 1995.

Because the IAM project is planning to serve both at-risk and dislocated workers, one of the key challenges will be developing appropriate outcome measures for both groups. Verdugo County PIC is responsible for tracking and reporting outcomes for the dislocated workers participating in the demonstration. Firms, on the other hand, are responsible for developing and reporting outcome measures for their own employees. As previously mentioned, one firm plans to use a quasi-experimental design to test and refine training for its own

employees and has developed worker performance indicators to measure the efficiency of trainees versus other employees before and after instruction. The other firms, however, are only now developing outcome measures for employees.

MASSACHUSETTS STRATEGIC SKILLS PROGRAM

The Strategic Skills Program is a statewide project initiated by the Massachusetts Industrial Services Program (ISP) as part of a coordinated effort to retain manufacturing employment in the state and ensure high quality job opportunities for state residents. As part of the demonstration, ISP has awarded training grants to six defense-dependent firms and one consortium of six firms to help train workers in the skills needed to support firm plans for conversion to non-defense markets. Training content emphasizes problem solving, continuous improvement, and teamwork skills.

PROJECT CONTEXT, GOALS, AND PLANNING

CONTEXT

During the 1980s and earlier decades, "low-technology" manufacturing (e.g., in textiles, furniture, paper, leather, and steel) declined sharply throughout Massachusetts. However, high technology manufacturing in computer manufacturing, electronics, and related fields expanded during this period, particularly in the Route 128 beltway ringing Boston. Defense-related spending was key to this growth. In 1990, defense prime contractors and university research laboratories received over \$8.1 billion in defense dollars (the third highest amount received by any state, after California and Texas). An estimated one of every 15 jobs in the state was defense-dependent in 1990.

Reductions in defense spending are projected to result in the direct loss of 50,000 to 60,000 jobs in Massachusetts between 1992 and 1995. In addition, indirect job losses and military base closures will raise these figures substantially. Such defense-related job losses come only a few years after the recession devastated the state's economy. (Between 1989 and 1991, the state suffered the sharpest increase in unemployment of any industrialized state and lost over 300,000 jobs.) Although the overall state economy is slowly and gradually starting to improve,

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these new defense-related job losses will hit hard at the remaining manufacturing employment base in the state and will devastate some local areas' economies.

GOALS AND KEY STRATEGIES

The goal of the Strategic Skills Demonstration is to help stabilize small and moderate sized defense-dependent firms and help them to survive by strengthening commercial sales and reducing dependence on DOD purchases. Through assisting a small number of such firms, the state hopes to: (1) build a base of experience about how to assist small firms with the conversion process and (2) hold these firms up as models for other firms to emulate.

The strategy used to further this goal is to help participating firms train production workers and other non-managerial employees in skills that will enhance work unit performance; contribute to process improvements in the areas of time, quality, and costs; and, in the long term, improve business performance and competitiveness. The project identified *worker retraining in high performance workplace skills* as the key element of worker retraining that would prepare workers from defense-dependent firms to help their firms become more competitive. Improvement of workers' problem solving, continuous improvement, and teamwork skills would increase firm competitiveness by reducing production costs, increasing flexibility of production, and enabling the firms to tailor product design and scheduling to the needs and desires of individual customers.

As described in ISP's "Request for Concept Proposals" from firms interested in participating, the four major firm-level objectives for the demonstration include: (1) enhance the skills of individual workers so that they can contribute to improved work unit or company performance; (2) improve work unit performance or performance on cross-functional tasks; (3) bring about long-term improvements in company performance or competitive ability; and (4) improve the stability of employment and earnings for trained workers.

PLANNING

To develop the design for the project, ISP staff reviewed programs for "at risk" firms and workers in other states. Among the design choices faced by ISP were what firms to target, how to select firms to participate, and how to influence the content of the training provided to workers at the participating firms. After considering the different design options, ISP decided: (1) to focus on the needs of small to moderate-sized defense-dependent firms; (2) to use a competitive selection process to identify the firms to receive training grants; and (3) to make each firm responsible for the design of its own training and selection of its own training provider. Thus, rather than planning the demonstration activities directly, ISP developed clear demonstration guidelines and objectives and let individual firms initiate specific training plans.

PROJECT ORGANIZATION AND COORDINATION

PROJECT ORGANIZATION

The Massachusetts Industrial Services Program (ISP) is a quasi-public agency jointly overseen by the Massachusetts Executive Office of Labor and The Executive Office of Economic Affairs. The mandate of the agency's Business and Financial Services Division is to help small manufacturing firms by providing financing and business planning services. The agency administers several state loan programs as well as a revolving loan fund supported by EDA to meet the needs of firms affected by defense cutbacks.

As the grantee and administrator of the Strategic Skills demonstration, ISP is responsible for designing the demonstration, setting project goals and objectives, developing firm targeting criteria and overseeing the competitive selection process, determining the general types of training firms should provide to their workers, overseeing the activities undertaken by participating firms, and collecting data to report on project outcomes.

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Despite its largely administrative role, ISP has exercised a strong influence over the demonstration because of its clear vision of project goals and objectives and its ability to communicate these goals clearly to participating firms. To encourage communication among the participating firms and to provide ongoing support to managers of these firms, ISP has organized quarterly meetings for firm representatives to discuss issues of common concern. The most recent meeting focused on the role of training in institutional change.

Organizationally, the demonstration involves ISP and its subgrantees, six of which are individual manufacturing firms. The seventh grantee is a consortium of six manufacturing firms located north of Boston. The administrative entity for this consortium is the North Shore Employment and Training Board, the JTPA administrative entity for the local service delivery area. To manage the consortium, this agency hired an individual with previous experience as a manager for a defense contractor. The consortium manager worked with the six firms in the consortium to select a training provider, organize a training curriculum, and oversee the delivery of training to employees of member firms.

COORDINATION WITH OTHER DEFENSE CONVERSION ACTIVITIES

Prior to receiving the DCA grant, ISP received a \$150,000 grant from the U.S. Economic Development Administration (EDA) to assist with defense conversion efforts. This grant was used to assess the economic adjustment needs of small defense-dependent firms and to assist four small defense contractors to plan for conversion to commercial products. The grant also attempted to support the formation of networks of firms in the local areas hardest hit by defense cutbacks. ISP had hoped that the two grants could be used in close coordination to offer both strategic planning assistance and worker retraining assistance to the same firms. Unfortunately, however, the time frames of the two grants did not coincide. One of the networks initiated under the previous EDA grant, however, provided the framework for the consortium of small firms participating in the Strategic Skills Demonstration.

TARGETING FIRMS AND WORKERS

FIRMS

ISP identified the most pressing need for assistance with defense conversion among small manufacturing firms that have been suppliers to the defense industry. Unlike larger defense contractors that may decide to sell their defense-related plants or diversify by buying up existing commercially-oriented enterprises, small manufacturing firms generally have fewer options. These firms face rapidly declining defense markets and must convert to commercial products and markets if they want to survive. In addition, they must implement the same changes that existing commercial businesses are undergoing in order to remain competitive in the global market.

Research conducted by ISP indicated that smaller defense-dependent companies tend to have two critical needs which must be met before firms can develop realistic business plans for conversion -- assistance with *strategic planning* and assistance with *market research*. ISP would have liked to implement the DOL-funded Strategic Skills Demonstration in close coordination with services to help firms develop strategic plans for conversion. At the time they developed their SSP proposal, ISP staff did not realize that DCA demonstration funds could be used for this purpose by including assistance to firms as an administrative cost. They expressed frustration that DOL did not emphasize in advance that administrative expenditures for the demonstrations could exceed 15% of the total. As a result, the demonstration is designed for *firms that have already developed strategic plans for conversion*. In any future defense conversion efforts, ISP would like to reach a wider range of firms by combining assistance in developing worker retraining with efforts to assist firms with strategic planning. Combining these efforts, however, would require a demonstration period longer than fifteen months.

Announcements about the availability of demonstration funding targeted firms with: (1) fewer than 500 workers (but exceptions were permitted); (2) workers employed at manufacturing

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facilities in Massachusetts; (3) sales revenue from defense manufacturing contracts and subcontracts; (4) actualized or projected reductions in defense-related sales; and (5) sufficient resources to provide a company match of 50% of grant-funded training expenses. These guidelines were quite broad. For example, they did not establish a specific criterion for what proportion of sales had to be defense-related for a firm to qualify, and did not specify the number of workers that had to be at risk of dislocation. The announced selection criteria, however, gave greater weight to firms with a higher percentage of defense sales and to smaller firms.

ISP used a two-step process to select firms. Interested firms first submitted brief concept proposals. Firms that received the highest ratings on the concept proposals were then invited to submit full proposals. In rating the concept proposals and full proposals, the project administrators used additional selection guidelines.

- *First, they tried to select small and medium-sized firms that were largely dependent on defense contracts.* In ISP's view, the large defense contractors had enough resources to do their own employee training. The training needs of these larger employers would also have consumed a substantial proportion of grant funds, reducing the total number of firms in the demonstration project.
- *Second, they tried to assess whether manufacturing firms were viable.* ISP staff reviewed firm's financials (balance sheet, profit and loss statement, and business plan) to determine the financial viability of the firm. They believed the project had to focus resources on firms that had a "fighting chance" to survive.
- *Third, they tried to select firms where top management was committed to training,* as evidenced by their willingness to contribute company resources to training workers and managers. An on-site meeting with the chief executive of each competing firm was used in the final selection step to gauge management commitment.

As one measure of firm commitment, ISP included a requirement that participating firms provide at least a 50% match to the public cost of the training. Matching requirements were also designed to encourage specific types of firm behavior--inclusion of managers in training at firm expense, and provision of paid work-release time for workers participating in training. Thus, firm matching requirements could be met through:

- (1) Out-of-pocket costs of management training.
- (2) Wages paid to workers while in classroom training.

ISP decided not to allow in-kind matches, because of the high costs of tracking and monitoring in-kind contributions.

Twelve firms were selected for participation, including six individual firms and six firms participating as members of a consortium. The selection process ultimately depended both on self-selection by the interested firms and selection by ISP's review panel. During the process, some firms dropped out because of a lack of interest by management, a misunderstanding about the required company match, or a lack of interest in the total quality management focus of the training encouraged by ISP. During the selection process (which included on-site visits to the finalist firms and meetings with their chief executives), ISP staff discovered that many of the firms that initially expressed interest in defense conversion did not have workable plans for converting from defense to commercial markets. These firms were inappropriate for the Strategic Skills Demonstration, because they needed substantial technical assistance in planning and marketing before they could develop viable conversion plans.

ISP staff had two major comments about their experience selecting firms. First, although the process went smoothly, it was very time-consuming. During the extended selection process, ISP project staff were busy with the administrative details of the application and awards process, rather than with helping firms that needed assistance. Second, the competitive selection process focused attention on the "winners," although the "losers" really needed help with defense

conversion, too. The project fears that the firms not selected for training grants will not come back to ISP for more help because the process labeled them as "losers." If they were to redesign the demonstration, ISP staff say they would not use a competitive selection process at all. They would use administrative funds to provide up-front technical assistance to interested firms to help get them to a point where they are "ready" for workforce training.

SELECTION OF WORKERS FOR TRAINING AT PARTICIPATING FIRMS

Each firm developed its own plan for targeting workers to receive training. Demonstration guidelines required that project funds emphasize training for production workers, although front-office workers could also be included. Firms were encouraged to involve managers in training. Although they were required to use their own funds for training for managers, these costs could be counted as part of the required company match. In most of the participating firms, office and clerical staff and nonmanagement professionals were included in workforce training along with production workers.

Of the three firms visited during the evaluation site visits, one involved nearly all employees in one or more training modules. The two remaining firms had selected a smaller number of employees to participate in initial training sessions provided by professional trainers. In these firms, some workers were selected for special "train the trainer" training and were assigned to provide later rounds of training to co-workers in on-the-job settings.

One practice that appeared to enhance the meaningfulness of the training for individual workers at several firms was to assign workers to problem solving teams prior to training. Sometimes these teams reflected actual work-unit teams. In other cases, cross-functional teams were formed to address specific problems that involved more than one work unit. *When workers were assigned to teams and/or were given specific workplace problems to solve prior to training, this helped provide an immediate framework for applying and practicing the skills being taught.*

SERVICES PROVIDED

SERVICES TO FIRMS

The Strategic Skills Demonstration does not provide services to firms to assist them in developing strategic plans for conversion. Neither does the project provide demonstration funding for training to managers. However, the demonstration does require firms to include managers in their training plans to build management understanding of and support for employee participation in workplace decision making.

The demonstration was originally conceived of as being closely linked to the delivery of financial and business management assistance to firms (using other funds). As other funds become available, ISP is very interested in developing a close linkage between assistance in strategic planning and plans for worker training.

SERVICES TO WORKERS

While firms were given the discretion to develop their own training programs and select their own training providers, the RFP developed by the project to recruit interested firms gave very specific suggestions about what type of training to provide and how to provide it. The general categories of training that were invited in the RFP included:

- **Job Skills.** Firms were particularly encouraged to provide "cross-training" to increase worker flexibility or to train workers to use new production technologies. General occupational skills upgrading was also permissible.
- **Team and Interactive Skills.** Firms were encouraged to provide training in problem-solving and communications skills, and to arrange for workers to practice and apply these skills in addressing real problems faced by the firm.

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- **Quality Action Skills.** Firms were invited to include training in total quality management, just-in-time inventory methods, statistical process control, and ISO-9000 specifications or related skills to improve work unit productivity, efficiency, or safety.
- **Basic Skills.** If workers needed basic skills training to benefit from other skills training areas, this was a permissible training activity.

In addition, the RFP and selection guidelines emphasized the importance of linking worker training to the firm's overall strategic plan for conversion. Firms were required to identify how they would measure the effectiveness of the training in terms of specific improvements in firm or work unit performance over time and to articulate the link between training and the firm's conversion objectives.

The training proposals submitted by the selected firms were quite responsive to the RFP guidelines. Overall, the categories of "quality action" skills and "team and interactive skills" received more attention than specific job skills training. In some participating firms, training is specifically designed to prepare workers to participate in the development of new non-defense products and/or new markets. In other firms, training is more generally oriented to helping workers reduce production costs or save time, thereby increasing customer satisfaction and sales and making the company more profitable and more competitive in non-defense markets.

Training grants awarded by ISP ranged from \$16,000 to \$63,000. The largest grant was received by the consortium serving six small firms. Across the participating firms, worker training is taking place during regular working hours in training modules of limited duration -- e.g., 24 to 40 hours of training. Some firms have designed a number of different training modules, while others have only one or two "courses." Participating firms have secured services from a wide variety of training providers, ranging from staff at a business training institute operated by a community college to private consultants and management consulting firms specializing in providing training in continuous improvement skills. Most firms secured a

training contractor after inviting several potential providers to give on-site presentations to management.

Despite the wide variety of training providers, the content and instructional style of training, particularly for the training in team building skills and quality action skills, is quite similar across firms. Each of the participating firms is combining formal classroom training with applied practice using problem-solving teams in the workplace. Across all firms, formal classroom instruction uses concrete workplace examples and breaks students down into small groups to practice the skills being taught. Variations in training from firm to firm include:

- Whether the workers are trained as members of intact "work unit" teams, as members of cross-functional problem solving teams, or prior to any assignment to teams.
- Whether training is concentrated during a brief period (e.g., one to two weeks), or spread out over a longer period (e.g., six weeks to three months) with less frequent training sessions and more opportunity to practice skills between sessions.
- Whether individual training sessions last one-half day or a full day.
- Whether the design calls for all workers to be trained by professional trainers or whether some workers will be trained as trainers or facilitators to assist in the dissemination of these skills to other coworkers at a later date.
- Whether training ends when the classroom training sessions are over or whether trainers are available to provide follow-up training or coaching in the workplace after the end of the formal training period.

At the time of the initial site visit, training was still underway at the firms we visited. Thus, it was too early to assess whether training will result in changes in workplace behavior, how these variations in training design and delivery influence the effects of training, and whether

training will, in fact, help these firms to become successful in non-defense markets. The project administrators are generally pleased with the quality of the training services secured by demonstration grantees. *The evaluators will be interested to see whether training will be more effective in sites that train workers as members of work unit or problem solving teams, spread training over time with opportunities to practice skills between sessions, and/or involve professional trainers in follow-up coaching about how to apply skills in the workplace.*

PRELIMINARY INFORMATION ABOUT PROJECT OUTCOMES

COLLECTION OF OUTCOME INFORMATION

Firms are required to report to ISP on *firm-level outcomes* twice during the demonstration period -- at the beginning of the demonstration to identify the firm-level or work-unit level measures that they want to use in assessing the effectiveness of the worker training and provide baseline data on these measures, and again at the end of the demonstration to provide post program data on the same measures. For firm-level outcomes, each firm is responsible for identifying its own outcome measures.

ISP has designed a standardized quarterly report for all participating firms to use in reporting on *worker-level outcomes*. These measures include information about changes in total firm employment, as well as information about the employment status of workers who received training.

FINDINGS

No information on project outcomes was available at the time of the initial site visit.

MANAGEMENT ASSISTANCE AND TECHNOLOGY TRANSFER PROGRAM: ST. LOUIS COUNTY ECONOMIC COUNCIL

The Management Assistance and Technology Transfer Program (MATT) assists small- and medium-sized defense-dependent firms in the metropolitan St. Louis area to develop and implement commercial conversion plans. MATT is just one of a number of defense conversion efforts coordinated by the Economic Adjustment and Diversification Committee (EADC), a two-state, seven-county commission that includes economic development officials, citizen representatives, executives from major defense contractors, academics, and consultants. MATT is serving about 20 defense-dependent firms by coordinating and partially reimbursing assessment and consulting services offered by private providers. The project also plans to support worker retraining efforts in the future.

PROJECT CONTEXT, PLANNING AND GOALS

CONTEXT

The metropolitan St. Louis area is, after Chicago, the premier manufacturing center of the Midwest. The area includes the corporate headquarters for McDonnell Douglas, Anheiser-Busch, Monsanto, as well as numerous smaller firms. Despite significant downsizing in the auto and defense industries that occurred during the 1980s, it remains one of the strongest and most diverse manufacturing economies in the U.S.

However, the metropolitan St. Louis economy has suffered the vagaries of defense spending through much of the last fifty years. After World War II, newcomer McDonnell Aircraft consolidated the city's surplus aircraft facilities and managed to survive the post war drawdown -- and others after it -- by producing high quality military aircraft and, eventually, spacecraft. In 1967, during the build up for the Vietnam War, McDonnell Douglas employed 42,300; by 1976, there were only 25,300 employees. Similarly, new military build ups brought

the level back to 42,300 by 1989, out of a total of 73,500 defense-related jobs in the St. Louis area.

Since 1989, defense cuts, in tandem with recession, have more dramatically damaged the regional economy. The aerospace industry has been hit particularly hard, and 15,000 jobs have been lost at McDonnell Douglas alone. Aerospace employment has declined by approximately 15,000. Non-aerospace cuts have numbered 14,000, with only a small number of those jobs expected to be regained. Clearly, the 1980s growth in aerospace acted as a temporary crutch to the regional economy and the decline of this sector will have reverberations throughout the local economy.

In addition to job loss due to reductions in defense spending, the St. Louis economy has been negatively affected by a general decline in manufacturing. Total manufacturing employment in St. Louis declined by 34,000 between 1979 and 1989. This includes 5,900 lost in motor vehicles (largely in assembly) and 15,200 lost in primary and fabricated metals. In fact, St. Louis manufacturing employment lost 13.1% through the 1980s while the national decline was *only* 6.8%.¹

Despite these major blows to the economy, the area's economic situation is generally strong. Defense cuts have been off-set by growth in the service sector (e.g., the September 1993 unemployment rate was a full percentage point below the national figure of 6.8%). However, the quality of the replacement jobs are significantly lower on average than the lost jobs, and the region's long-term economic prospects are not at all secure. From 1989 to 1993, the civilian work force shrank slightly -- this topping two decades of slower than national average growth. On the other hand, nearly \$3 billion of infrastructure spending is either in progress or in the pipeline and the region's manufacturing exporters appear to be entering yet another period of sustained growth.

¹ It should be noted that this decline occurred even though there were nearly 13,000 jobs created at McDD, largely in missile production. In fact, without the 1980s military build up, total manufacturing employment would have fallen by nearly 50,000.

PLANNING

MATT is just one of a number of defense conversion efforts coordinated by the EADC, a two-state, seven-county commission established in 1990 to respond to a large layoff at McDonnell Douglas. EADC members include economic development officials, citizen representatives, executives from major defense contractors, academics, and consultants. Prior to the creation of MATT, the EADC's efforts included directly assisting laid-off McDonnell Douglas workers (e.g., through a Department of Labor supplementary grant to the state of Missouri), studying the long-term impacts of defense cuts, and developing plans to respond to the cuts. The EADC initiated the effort to secure the Department of Labor demonstration funding and the effort was actually staffed by members of the EADC, including local peace activists. MATT was developed to provide an important piece of EADC's overall regional defense conversion strategy. Specifically, MATT was designed to provide relative long-term, highly-customized services to individual firms interested in undertaking conversion efforts.

GOALS AND STRATEGIES

MATT was designed as one of several mechanisms to promote commercialization of the region's defense-dependent manufacturing firms. The program seeks to assist small- and medium-sized defense-dependent firms to survive the present military market downsizing by developing and implementing commercial conversion plans. It was believed that regardless of the considerable technical expertise of many firms, their management and organizational culture was poorly adapted to the rigors of commercial markets. MATT seeks to assist firms in addressing such weaknesses. The primary strategy of the project is to help defense-dependent firms to assess and upgrade their management and technical skills such that they may successfully diversify into commercial and civilian markets.

The basic elements of the MATT strategy are as follows:

MATT

- ***Commitment to conversion*** is the crux of the MATT approach to dislocation aversion. MATT will not serve companies whose leadership cannot demonstrate commitment to diversification or conversion into commercial markets.
- ***Assessment of firms'*** strengths and weaknesses as manufacturing companies is the basis for conversion plans. Thus, it is recommended (but not required) that firms conduct a thorough self-assessment using an evaluation instrument developed by the National Center for Manufacturing Sciences entitled Achieving Manufacturing Excellence (AME). The self-assessment provides management with detailed information about the areas in which upgrading needs to take place, as well as areas of strength that can be the basis for further improvement. Self-assessments then form the nucleus of firm's conversion plans.
- ***Private sector consultants*** approved by MATT are made available to assist firms in implementing their conversion plans. MATT has identified a pool of consultants who can be called upon to assist individual companies with specific weaknesses. The consultants -- with expertise in areas ranging from civilian aviation maintenance to "high tech" marketing -- offer flexible, individualized attention and expertise necessary to serve the disparate needs of client firms.

MATT also plans to assist firm clients to develop worker retraining programs, but no training had taken place at the time of this writing.

PROJECT ORGANIZATION AND COORDINATION

PROJECT ORGANIZATION

The EADC operates out of, and is staffed by, the St. Louis County Economic Council (CEC), a quasi-public development agency responsible largely for business development and assistance. While the CEC is the (functional) administrative entity for the grant, MATT's stakeholders are represented by the EADC. The MATT Project Director reports to the

Committee and its Chair (also the Executive Director of CEC), who was ultimately responsible for the program. The MATT Project Director is also assisted by an advisory committee, whose members include local professionals working in the areas of dislocated workers, worker retraining, manufacturing engineering, technology commercialization, and economic conversion.

COORDINATION

MATT is one aspect of a large and fairly well-coordinated set of conversion activities centered on the EADC. A number of these activities helped to lay the groundwork for the MATT program or have provided business support resources to which MATT can direct its clients. These conversion activities include:

- The EADC performed two surveys of local defense contractors to determine the level of defense dependency and need for adjustment assistance. One study surveyed over 750 prime defense contractors in 1991, and the other surveyed 1,600 subcontractors and suppliers in 1993. These studies were funded by portions of a 1990 \$100,000 Department of Defense (DOD), Office of Economic Adjustment (OEA) grant and a 1990 \$150,000 grant from EDA. These surveys were used by MATT to perform outreach to potential participant firms.
- The EADC conducted a study of defense spending in St. Louis and disseminated information to local businesses and workers about local adjustment efforts with the previously-mentioned second OEA grant. MATT particularly benefitted from the outreach efforts.
- The CEC and EADC received a \$1.6 million OEA grant in 1993 to fund a "One-Stop" Defense Adjustment Program, expanding EADC efforts in the areas of critical technologies, workforce training, and business development. MATT is now able to refer its firm clients to these expanded services.

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- The EADC supported the acquisition of the St. Louis World Trade Center franchise, the effort being supported by an \$820,000 grant from EDA. The Trade Center has sparked much interest among MATT clients, at least one of which is using the Center to seek entry into export markets.
- The CEC supported the creation of the St. Louis Procurement Assistance Center, opened in 1993. The Center can help MATT clients to improve the efficiency of the process by which they seek federal procurement contracts.
- The CEC received \$1.35 million to fund the St. Louis Metropolitan Loan Program to support defense companies seeking to diversify and displaced defense workers seeking to start businesses.

OUTREACH AND RECRUITMENT

MATT was designed to serve at-risk firms that had not yet embarked upon or invested in the conversion process. To identify such firms, MATT obtained lists of defense contractors from the Defense Logistics Agency, McDonnell Douglas, and one other large contractor in the region. The project also had access to the results of the EADC-sponsored survey of prime contractors and a marketing survey conducted by a local industrial machining training facility. This information was compiled into a database containing information on company size, annual sales, major products, and degree of defense dependence.

The database was used to generate a list of candidate firms. Introductory letters were sent out to over 1,000 firms. Nearly all of the firms were then contacted by phone. In addition, 36 medium and large firms were identified by the EADC survey of prime contractors as high priority companies due to the size of their work force and dependence on defense contracting. These firms were sent personal letters urging the management to consider involvement in the MATT program.

Companies expressing interest were contacted again. Senior managers of potentially eligible, interested firms were interviewed by phone or face-to-face by MATT staff. If appropriate, a site visit was made. The goal of the visit was to determine the eligibility of the firm based on the following criteria:

- Desire to convert as indicated by the firm's own efforts to reach commercial customers;
- Likelihood of near or medium term layoff;
- Likelihood of positively affecting a considerable number of jobs;
- Ability to convert as evidenced by corporate competence (evidence includes a strategic plan, long-term commitment to quality and financial integrity).

Determination of firm eligibility continued after the time of the site visit. MATT leadership believes strongly that the firm's management must be committed to the notion and practice of conversion. Beyond this commitment, managers were free to begin to develop goals and objectives relevant to their own commercialization.

The nearly 20 selected client firms have a number of qualities in common, including:

- All but the largest firm are not unionized.
- Approximately half of the firms are family-owned and managed.
- Over half of the firms are involved in metal fabrication or allied manufacturing, although the level of process and product sophistication varies considerably.
- Fully half of the firms are at least 90% defense-dependent and all firms are at least 40% defense-dependent.

MATT

- The firms are generally considered "medium sized." The total number of employees ranges from three to 2,500; the median number of employees is 50.

SERVICES PROVIDED

MATT services are targeted to firms' management, but also aim to increase employee involvement in management decision-making. Services to firms in this project fall into two categories: firm self-assessment and more individualized services to firms provided by consultants. These are described below.

ACHIEVING MANUFACTURING EXCELLENCE (AME)

To assist firms in conducting detailed and exhaustive self-assessments, MATT chose to use an evaluation instrument developed by the National Center for Manufacturing Sciences entitled Achieving Manufacturing Excellence (AME). The rationale behind the design of this instrument is straightforward: before businesses can position themselves as global competitors, they first must develop an honest and far reaching assessment of their management practices, strengths, and weaknesses.

The instrument itself consists of a common core of requirements for excellence, a step by step methodology for applying the quality requirements to a particular business, and guidelines for formulating a continuous improvement program. The requirements themselves were derived from analyzing more than 3,000 requirements taken from 13 major supplier development and certification programs, and national and international quality standards.² The 14 areas of excellence are management, planning, continuous improvement, flexibility, quality, cost, delivery, customer satisfaction, technology, people and culture, health and safety, stakeholders, operations and systems, and supplier development and certification.

²Examples of these standards include: Baldrige (DoC), Deming (JUSE), Excellence (NASA), Pentastar and TESQA (Chrysler), Q1 (Ford), QCR (Honda), SQA (Eaton), TFE (GM), TQE (Ford), TQM (DoD), and ISO 9000.

The first step in the process of using AME is to choose an assessment team of three to ten employees whose combined expertise covers the 14 main areas of excellence identified in the instrument. These individuals then attend a day-long session to learn how to initiate the program, conduct the assessment, and work through the process of scoring and analyzing the results. In metropolitan St. Louis, there are only two individuals certified by NCMS to provide the implementation workshop, the MATT Project Director and a private consultant (a former machinist and machine shop owner turned management consultant). The private consultant presents the implementation workshop for MATT clients.

After the workshop, the team returns to the firm and conducts the assessment. First the team reviews the AME requirements for excellence. The team then tackles the 1,400 questions that comprise the actual assessment, interviewing employees involved in every function of the business and gathering supporting documents. The team then scores the assessment and compares the firms' management practices against "excellent" manufacturers on over 200 separate measures. Next, the team identifies a small set of broad strengths and weaknesses in each of the areas of excellence, and a small set of recommendations is developed to address the weaknesses and build on the strengths. Review of the scoring process and the creation of the strengths-weaknesses-recommendation documentation was facilitated in some cases by the AME consultant.

This documentation becomes the basis upon which a conversion action plan is written. The instrument offers guidance for creating the plan, as well as a resource available to support the company in continuous improvement efforts.

INDIVIDUALIZED CONSULTING

Early in the project, the Project Director began to recruit a pool of consultants to serve the participating firms in a variety of substantive areas. She used the AME 14 areas of excellence described above as a rough guide to identify the sorts of expertise that would be needed. To the original list, she added marketing and environmental consulting.

To identify the consultants, the MATT Project Director started by exploiting her own professional circles -- built through long experience as both an executive and a consultant in high level project management, technology transfer, and technology development endeavors -- and employed a snowball technique to expand the list. Prospective group members were required to submit OMB SF 254s, a scope of services, fee schedule, references, and other information as required. The Executive Advisory Committee, made up of the Project Director, the CEC Executive Director and Economic Dislocation Program Manager, and a senior executive in a local defense firm approved the selection of consultants. At the time of the site visit, the group included 28 individual or corporate consultants.

Client firms meet with the MATT Project Director to pinpoint their consulting needs and the MATT Project Director then makes recommendations. In general, rates were to be decided between consultants and their firm clients, but because MATT often reimbursed consulting services, the Project Director has had considerable input into the process. The MATT Project Director oversees the consulting relationships and is responsible with intervening if there are problems. Typical oversight activities include reviewing milestones with consultants and clients, attending sessions as an observer, etc.

PRELIMINARY OUTCOMES

At the time of the site visit, MATT had recruited and served 19 firms since the initiation of the project. Of these, ten chose to pursue the AME self-assessment. Of those ten, seven had begun the self-assessment process but had not yet completed it. Three had completed the assessment.

Alternately, nine firms had begun to make conversion plans without doing the AME self-assessment. All had seriously considered using consultants to support their conversion plans. Three firms engaged consultants to help them develop conversion plans. At the time of our site visit, one firm's consultant had submitted their report and services appeared to be concluded, while the other firms were still working with consultants.

LONG ISLAND DEFENSE DIVERSIFICATION PROJECT

The Long Island Defense Diversification Project seeks to avert layoffs in nine defense-dependent companies by helping them to become high performance work organizations, and thus increase their competitiveness. Administered by the New York State Department of Economic Development, the project fosters the development of labor-management committees, funds assessments of training needs, and provides retraining designed to transform companies into high performance work organizations.

PROJECT CONTEXT, PLANNING, AND GOALS

CONTEXT

The Long Island Defense Diversification Project is administered by the Long Island Regional Office of the New York State Department of Economic Development. While part of the broader New York metropolitan area, Long Island is a major population and employment center in its own right, containing close to 2.6 million residents and 1.3 million workers. Unemployment in the region is close to the national average, but job losses have been extensive during the past decade, particularly in manufacturing. Fifty-four thousand manufacturing jobs have been lost since 1986, many of them in the defense industry. An additional 50,000 non-manufacturing jobs have also been lost during this period. Spending on defense prime contracts in Long Island has declined by \$1.4 billion (26%) since 1987, and continues to drop. More than 40% of the remaining manufacturing work force in the region is employed in defense-dependent industries (52,000 jobs), many of which are at-risk of further dislocations.

Long Island Defense Diversification Project

PLANNING

Long Island's demonstration project has a long history. Its precursor, the Long Island Defense Diversification Initiative, began in October 1991 as a short-term project "to help nine Long Island defense companies launch and support their diversification program by developing and applying a defense diversification methodology." Although this project did not actually lead to the conversion of any companies, it ended in October 1992 with the production of a report on a model process for the conversion of defense-dependent firms. Many of the lessons from this report are embodied in the plans of the current demonstration.

After the initiative ended the nine participating firms continued to work with the Long Island Regional Office of the New York State Department of Economic Development. Several participated in New York State economic development programs while struggling to convert. When the solicitation for the current demonstration was announced, the Department of Economic Development recognized it as an opportunity to both continue the work of the earlier initiative, and to advance their efforts to promote high performance work organization (HPWO) training.

GOALS

The primary goal of the Long Island Defense Diversification Project is to avert layoffs at nine defense manufacturers by helping them to become more competitive. The major strategy for accomplishing this objective involves the conversion of these nine companies into HPWOs, a form of organization designed to empower workers and increase the manufacturing agility of firms.

HPWO concepts have taken the business world by storm in recent years as an organizational strategy for adapting to, encouraging, and profiting from change. They have their roots in the total quality management movement founded by Edward Deming. The goal of HPWO training is to produce lean, flexible organizations, where authority and responsibility are distributed among all employees. Employees of HPWOs understand and can function in each

others' roles when necessary, respond to internal customers within the company, and cooperate with each other and with outside customers and suppliers. By promoting these concepts among defense manufacturers, project planners hope to increase their competitiveness and facilitate their conversion to commercial products.

A second goal of the project is to develop the capacity of public agencies on Long Island to help businesses become HPWOs. As an end product the project will have produced a curriculum for HPWO training, and will have identified and developed local academic institutions to provide this training to businesses. This experience is expected to benefit economic development on Long Island long after the demonstration has ended.

Although the Long Island project grew out of an earlier effort to help defense-dependent firms convert to commercial production, this emphasis has been altered under the current demonstration. *Most firms served by the demonstration are actively pursuing plans for conversion to commercial markets, but some appear to be interested in the benefits of HPWO for increased competitiveness and sales in both defense and commercial markets. At least one firm in the demonstration is planning to use HPWO to become a better defense contractor.*

In administering the project, the New York State Department of Economic Development hopes to demonstrate the potential of HPWO training as an industrial retention strategy. If HPWO training works for at-risk, defense-dependent manufacturers, it can work for any business. HPWO concepts figure strongly in the Department of Economic Development's programs, and the demonstration offers a vehicle for HPWO promotion at a regional level.

PROJECT ORGANIZATION AND COORDINATION

ORGANIZATION

New York's Department of Economic Development has attracted a reputation for innovation in recent years, and operates a variety of programs for industrial retention. While

Long Island Defense Diversification Project

New York has not abandoned the traditional economic development strategy of attracting industry to the state, it has identified the additional need to retain and support existing businesses. A number of state economic development programs address this mission by funding worker retraining and management consulting services to make firms more competitive, a strategy consistent with the activities of the Defense Diversification Project.

Demonstration activities, and a full range of industrial retention programs, are managed locally by the Department of Economic Development's Long Island Regional Office. The central office in the state capital has ultimate authority for the project, and manages all fiscal transactions, but the Long Island Regional Office is responsible for the day-to-day operations of the demonstration.

To support its strategy of promoting the development of HPWOs, the Department of Economic Development has turned to the State Department of Labor for assistance. Two prior activities of the Department of Labor make it especially valuable for the purposes of the demonstration. First, as part of its rapid response activities under Title III of JTPA, the Department of Labor has gained extensive experience in helping companies form labor-management committees. The development of such committees at defense-dependent firms is a key feature of the Department of Economic Development's HPWO strategy, making the Department of Labor's cooperation invaluable. Second, through its involvement with New York State's Excelsior Award program (which bears many similarities to the U.S. Department of Commerce's Malcolm Baldrige Award program), the Department of Labor is familiar with a self-assessment process firms could use to measure quality and increase competitiveness. One of the first assignments given to newly-formed labor-management committees at companies participating in the demonstration was to conduct these self-assessments.

To advance the project's goal of enhancing local capacity for HPWO training, the Department of Economic Development also invited the Long Island Regional Education Center (LIREC) to participate in the demonstration. LIREC is one of ten regional education centers under the New York State Department of Education, and has a history of working closely with

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the Long Island Regional Office of the Department of Economic Development to help businesses locate training providers. LIREC has close contacts with local education providers, and acts as an informal broker between them and businesses. Under the demonstration LIREC is expected to help identify HPWO training providers and develop HPWO curricula.

COORDINATION WITH OTHER DEFENSE CONVERSION ACTIVITIES

As mentioned above, the Long Island Defense Diversification Project builds on work completed under an earlier project funded by the Department of Defense, Office of Economic Adjustment. This earlier project, the Long Island Defense Diversification Initiative, employed a different approach than the current demonstration, focusing on the identification of opportunities for conversion, and developing a model process for realizing these opportunities. Nine defense-dependent companies participated in the project, and received assessments of their products and capacities for commercial production, but no funding was available to implement these recommendations. With the current demonstration the Department of Economic Development's strategy has shifted in favor of HPWO development, but recommendations from the earlier initiative continue to influence the directions in which participating companies proceed towards conversion.

In support of these goals the Department of Economic Development has also funded conversion efforts for these nine companies through several of its own programs. New York State's Industrial Effectiveness Program, Economic Development Skills Training Program, and Global Export Marketing Service are among the economic development programs which have funded conversion efforts at companies involved in the demonstration. Services funded through these programs have included worker retraining and consultant studies of company efficiency and export opportunities.

TARGETING FIRMS AND WORKERS

TARGETING FIRMS

Of the nine firms participating in the demonstration project, six were involved in the earlier Defense Diversification Initiative, and did not participate in a selection process for the current project. The selection process for firms in the earlier project was intensive. First, defense contractors from across Long Island were invited to attend a conference introducing the Defense Diversification Initiative. Fifty-two companies attended, and eighteen responded to a follow-up questionnaire survey. In-depth interviews with candidate companies were conducted to assess company commitment to and capacity for commercial production, and nine firms were ultimately selected to participate.

By inviting firms from the earlier project to participate, the Department of Economic Development effectively targeted firms with several common traits. All of the companies in the earlier project were small defense manufacturers with a vision of becoming successful commercial companies. They were eager to develop new products and markets, and valued employee involvement in decision-making. They recognized their strengths and weaknesses, were committed to quality, and were willing to innovate.

When three of these nine firms declined to participate in the current demonstration, the Department of Economic Development sought replacement firms from among those it had worked with in its Industrial Effectiveness Program (IEP). IEP firms undergo an extensive review of their operations by outside consultants. The review is intended to help firms re-orient their operations to become more competitive, and is applicable to both defense and commercial manufacturers. Several successful graduates of this program were invited to participate in the demonstration project as replacements for three firms from the earlier project which had declined to participate.

TARGETING WORKERS

With the assistance of demonstration-funded consultants, participating companies devised their own strategies for targeting workers. The companies faced no restrictions in this targeting, and were free to select workers for retraining according to their own best judgement. Becoming a high performance work organization, however, requires the involvement of all employees, and most firms elected to retrain their entire work forces.

A smaller group of workers was also selected for participation in labor-management committees (LMC) at each firm. (LMCs have an important role in guiding the diversification process at each firm, and are discussed in more detail below.) According to verbal guidelines presented by project administrators to the top managers of each firm, LMCs should target workers from different departments and levels of the firm, and should include union representation, if applicable, and either the company's CEO or a designate. The size of LMCs could range from 5 to 20 persons, depending on the size of the company itself. Workers targeted for the LMCs would be team players committed to the successful conversion of the company. All nine companies in the demonstration established LMCs, but several nominated too many managers. Project planners attributed this outcome to the absence of written guidelines for LMC formation, and regretted their absence.

SERVICES PROVIDED

SERVICES TO FIRMS

In its efforts to create high performance work organizations, the Long Island project offered participating firms a range of services, which can be categorized in two groups: labor-management committee development activities and consultant studies of company needs for becoming HPWOs. LMC development activities helped establish working groups in firms for the introduction of HPWO concepts and practices, turning LMCs into proving grounds for the testing of new ideas. Consultant reports prepared companies for the broader application of these

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ideas. Project consultants were charged with the development of a training plan for turning companies into HPWOs, and their work was a natural extension of the work performed in developing LMCs.

LMC development services were among the earliest project activities, and are ongoing. From the beginning project planners were convinced of the importance of cooperation between management and the work force as a means of increasing competitiveness, and identified LMCs as the best means to this end. According to project plans LMCs would guide the implementation of demonstration activities in their companies, selecting and working with consultants, identifying obstacles to becoming HPWOs, and choosing training providers. Providing LMC members with the skills to accomplish these goals has been a critical demonstration activity.

The LMC development process began with meetings between Department of Labor rapid response staff and company CEOs. During these meetings Department of Labor staff stressed the importance of labor-management cooperation for the creation of high performance work organizations, and introduced guidelines for selecting LMC members. The process of selecting employees to participate on LMCs took several months, after which Department of Labor staff oriented new team members to their roles and assigned teams two initial tasks.

The first task of newly-formed LMCs was to complete a starter guide for New York State's Excelsior Award program. The Excelsior Award program is based on a set of quantitative standards of quality. The starter guide offers companies a process for beginning to measure their own quality systematically, for comparing it to other companies, and for identifying strengths and weaknesses. Completing the guide can be challenging, and only one of three firms interviewed had completed it prior to the first site visit, which was conducted during the seventh month of the demonstration.

The second task assigned to LMCs was completed more swiftly. Each LMC was asked to select two facilitators from among themselves, and these facilitators received three days of training on the requirements of this role. Subjects covered in the training included leadership,

team building, communication skills, and organizational skills. In addition to this initial training facilitators also participated in a three-day seminar on "Developing the High Performance Work Organization," presented by staff from Cornell University's Programs for Employment and Workplace Systems. At the time of the first site visit project planners were also considering offering further training to develop facilitators and LMCs. Potential topics suggested for such training included problem-solving techniques, group dynamics, conflict management, and the role of top management in HPWOs.

The second major demonstration service to firms came in the form of **consultant studies** on the training needs of companies. These studies focused on the training companies would need to become HPWOs, and laid out plans for achieving this goal. After a competitive selection process, which included a screening by project administrators and final decisions by each company's LMC, three consulting firms were selected to complete these studies. One firm was particularly favored by company LMCs, and was selected by five of them.

Despite the presence of several different consulting firms, the process for producing these studies was roughly uniform. It began with extensive interviews of company staff. The consultants attempted to speak with staff from all levels and all departments of the demonstration companies in order to assess current skills and attitudes of staff, as well as the company's potential for becoming a HPWO. In some cases consultants also looked at capital equipment and work processes to see where the company stood with respect to potential commercial competitors, but in other cases consultants concentrated on management issues solely.

The ultimate responsibility of consultants was to produce a report with recommendations training companies would need to become HPWOs, and all consultants fulfilled this obligation. Lengthy consultant reports analyzed the work practices of each firm, and made specific suggestions for changes and retraining to facilitate the transformation of the firm into a HPWO. Training recommendations varied for each firm, but highlighted total quality management concepts, such as problem-solving, conflict resolution, developing self-directed work teams, statistical process control, and design for manufacturability.

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Although consultants were assigned to assess company needs and recommend training, several consultants went beyond this and actually prepared plans for conversion. These consultants questioned the usefulness of HPWO training for companies that had no plans for how to enter commercial markets. In one consultant's words, the demonstration project "may have jumped into identifying needs too soon," before a strategic plan had been formulated, or a direction for conversion had been identified. *Despite a history of involvement with the Department of Economic Development, only one of three companies interviewed during the first site visit actually had a strategic plan for conversion in place. HPWO offered clear benefits to these companies, but they would need to develop new products and markets in order to realize them.*

As noted above, the benefits of HPWO also have the potential to make conversion unnecessary. As a result of quality improvements and strategic acquisitions, one demonstration firm actually increased its defense business in spite of the shrinking market for military goods. The company became a believer in HPWO training to increase competitiveness, but saw no need for conversion given its enhanced ability to win new defense business.

SERVICES TO WORKERS

HPWO training, the only service to workers planned under the demonstration, had not begun at the time of the first site visit. Project plans called for the development of these courses after consultant studies were completed, with retraining to occur during the last six months of the initial grant period. As planned, training would be customized to the needs of individual companies, and would involve a variety of training providers. (Consultants were precluded from providing this training to remove the potential for biases in their training recommendations.) Labor-management committees would have the final say on the selection of trainers. Ideally, HPWO courses would be presented on company premises, but in the case of smaller firms and classes they could also take place off-site.

CHAPTER III

STRATEGIES TO ASSIST DISLOCATED DEFENSE WORKERS

PART A

THE IMPLEMENTATION EXPERIENCE FOR WORKER MOBILITY PROJECTS

Among the first round of DCA grantees, six projects have included elements of worker mobility strategies in their demonstration approaches:

- *Project EARN*, administered by McDonnell Douglas Corporation in Titusville, Florida and operated jointly with its partner, Brevard Community College.
- *StepOut*, a project operated by Arizona State University, in Tempe Arizona, in association with the Arizona Governor's Office for Women.
- *MilCert*, a project operated by the Clemson University College of Education in Clemson, South Carolina.
- A project in San Diego, California, operated by a partnership of agencies led by the San Diego Consortium and Private Industry Council.
- A project operated by the Center for Commercial Competitiveness in association with the State University of New York at Binghamton, New York.
- A project administered by the International Association of Machinists and Aerospace Workers (IAM) in Burbank, California, in association with the Verdugo Private Industry Council.

In this chapter we summarize the distinguishing features of these demonstration approaches, identify some of the challenges facing the worker mobility demonstrations in the areas of (1) project goals and objectives, (2) client targeting, (3) service design, and (4) project

organization, and describe the initial experiences of the Round 1 demonstrations in meeting these challenges.

PROJECT GOALS: IDENTIFYING HIGH-QUALITY RE-EMPLOYMENT OPPORTUNITIES FOR DISLOCATED DEFENSE WORKERS

The workers dislocated by reductions in defense spending include many mature workers with advanced technical skills and high earnings. To meet the needs of these workers, the first challenge facing the worker mobility demonstrations is *to identify re-employment opportunities that build on existing skills and provide high wages*. For dislocated defense workers who need to change careers, worker mobility projects need *to identify new occupations that offer stable employment with career advancement potential*.

Many of the worker mobility demonstrations face severe external constraints in their efforts to achieve high-quality re-employment outcomes for dislocated defense workers and separated military personnel. Among these constraints are: (1) the steady erosion of high wage manufacturing jobs in many regional labor markets and their replacement by lower paying health and service industry jobs; (2) the saturation of local labor markets with highly skilled managerial and technical workers dislocated from defense employment; and (3) local economies that have not yet recovered from the recession. Given these severe constraints, the worker mobility demonstrations must exercise ingenuity if they are to offer participants re-employment options that can replace lost wages and offer stable employment.

The worker mobility demonstrations have developed several different strategies to help participants identify high-quality re-employment opportunities. These include:

- Providing individualized re-employment services, including assessment and counseling on career interests and labor market opportunities, followed by job search skills training or assistance with job search.

The Implementation Experience for Worker Mobility Projects

- Offering skills enhancement training to give dislocated workers a competitive advantage in seeking re-employment.
- Identifying "niche" occupations in non-defense fields that can utilize defense workers' transferable skills.
- Promoting entrepreneurship in high technology fields to create jobs for individual entrepreneurs and jump start regional economic development.

Figure III-1 summarizes the strategies used by the different worker mobility projects.

Figure III-1
Key Features of Worker Mobility Projects:
Strategies to Promote High-Quality Re-employment

Project	Individual Readjustment Services	Skills Enhancement	Training for New Occupations	Promoting Entrepreneurship
Project EARN Titusville, FL	X	X		
StepOut Tempe, AZ	X			
MilCert Clemson, SC			X	
Consortium and PIC San Diego, CA		X		X
Center for Commercial Competitiveness Binghamton, NY				X
IAM Burbank, CA			X	

PROVIDING SERVICES ORIENTED TO INDIVIDUAL RE-EMPLOYMENT GOALS

Among the Round 1 DCA demonstrations, two projects provide *services to help participants set and pursue individual re-employment goals*. Both of these projects emphasize basic readjustment services -- including assessment, career counseling, labor market information, and job search skills training. One project also arranges short-term retraining or skills enhancement services for interested participants.

Projects Providing Individual Assessment and Career Counseling

Titusville, Florida. *Project EARN* serves dislocated workers from McDonnell Douglas missile production facility in Titusville, Florida. The project offers its services to all workers laid off or targeted for layoff by the McDonnell Douglas Titusville plant. Participants range from managers, engineers, and technical staff with advanced degrees to production workers who have completed high school, as well as individuals without a high school diploma.

Project EARN is designed to help project participants set individual re-employment goals. Following an individualized assessment (of basic skills, job aptitudes and interests, and transferable skills), *Project EARN* counselors/case managers help participants set re-employment goals and decide whether to pursue immediate job search or short-term retraining.

Local re-employment opportunities are sharply divided between high-paying aerospace industry jobs and low-paying service/hospitality industry jobs. Initially the project was oriented to helping participants find re-employment in the aerospace field, despite the instability of aerospace employment, because that was where the remaining high-paying jobs were. Further aerospace layoffs have caused the project to adopt a more eclectic approach, helping participants train for any occupation in demand in the local labor market. Services to promote entrepreneurship are also available to participants interested in starting their own businesses.

Tempe, Arizona. The *StepOut* project targets women dislocated or at risk of dislocation from employment with defense contractors in the Phoenix metropolitan area. Although most participants come from a broad range of white collar positions, the project is interested in targeting women from relatively high-paid managerial or nontraditional occupations who are interested in positions of responsibility with career potential in the non-defense sector.

Demonstration services are designed to assist participants to identify their strengths, improve their self-esteem, and establish and pursue individual career goals. To assist participants, the project provides information about labor markets, local employer practices (including barriers to career advancement for women), and effective job search techniques. The project depends on individual participants to follow up on their career goals and market themselves to local employers after the conclusion of project services.

In the local labor market, reductions in defense spending have reduced employment opportunities in the aerospace sector. However, current job losses are relatively small compared to overall employment. The blow from loss of defense-related jobs is also being cushioned by a relatively robust economy that is growing in other areas and is attracting new defense-related and non-defense-related jobs from other states.

OFFERING SKILLS ENHANCEMENT TRAINING

A second strategy to help dislocated defense workers replace lost wages is *providing participants with skills enhancement training that will give them a competitive advantage* in obtaining re-employment in the high technology/aerospace jobs remaining in the local economy. This strategy is used by two demonstration projects that provide or arrange for relatively short-term skills enhancement training.

Projects Offering Skills Enhancement Training

San Diego County, California. The Defense Conversion Adjustment Demonstration in San Diego County, California consists of several distinct activities. Two of the demonstrations' activities are designed to assist dislocated defense and aerospace engineers and technical workers prepare for re-employment in the region's remaining high technology jobs. This objective is very challenging, in view of the constraints of the local labor market. Aerospace layoffs over the last several years have resulted in a glut of unemployed professionals and technical employees in San Diego County, while local employment continued to decline during 1993 and is projected to be flat through 1994.

The first worker mobility activity funded under the demonstration involves recruiting laid off design professionals from San Diego defense contractors and suppliers and providing them with short-term skills enhancement training in a particular three-dimensional drafting software program (CATIA) that was believed to be needed for local suppliers interested in contracting with Boeing Corporation. The objective was to help dislocated aerospace engineers secure new jobs with local firms or to make them more competitive in seeking re-employment in other regions. Initial results from this activity indicate that 80 hours of CATIA training is not enough to make training graduates attractive to local employers. (Employers told program graduates who applied for jobs using three-dimensional drafting skills that they were looking for individuals with 1,000 hours of CATIA experience.)

The second worker mobility activity funded under the demonstration involves providing training in high performance workplace skills to dislocated defense workers from a wide variety of manufacturing occupations. The objective is to help dislocated workers gain the teamwork, quality management, and leadership skills that will make them more employable in defense and non-defense manufacturing, and to assist them in conducting a job search.

Titusville, Florida. In addition to providing individualized re-employment services, this project offers participants up to \$500 worth of skills enhancement training or short-term training in new occupations to assist in marketing themselves to local employers. Many participants receive training in computer software programs. If participants want to receive more than \$500 worth of retraining, they have to continue in training at their own expense or be referred to the EDWAA program operated by the local Private Industry Council, which can support longer-term training if Title III funding is available.

TARGETING JOBS IN EMERGING INDUSTRIES OR "NICHE" OCCUPATIONS THAT CAN UTILIZE TRANSFERABLE SKILLS

A third strategy for locating high-quality re-employment opportunities is *targeting occupations in emerging non-defense industries or smaller "niche" occupations appropriate to the particular skills of dislocated defense workers or military personnel*. In some cases, these occupations take advantage of technical skills developed in defense industry applications. In other cases, the transferable skills relate to other aspects of the previous work experience of dislocated defense workers or military personnel. Projects identifying specific occupations for re-employment usually screen applicants carefully for interest in and/or aptitude for the targeted occupation. Projects in this group tend to emphasize occupational training and deemphasize provision of individualized assessment and broader basic readjustment services.

Two of the Round 1 DCA demonstrations use this strategy. One project recruits separated and retired military personnel for training/certification for new careers as primary or secondary school teachers. Another project will recruit dislocated aerospace workers experienced with composite materials for customized training and employment with a start-up firm interested in developing and producing lightweight bodies for electric cars and buses.

Projects Targeting New Occupations Utilizing Transferable Skills

Clemson, South Carolina. The *MilCert* program was initiated by Clemson University College of Education faculty who recognized a potential match between South Carolina's high demand for certified primary and secondary school teachers in "critical need" areas -- special education, mathematics, sciences, and foreign languages -- and the instructional experience and re-employment needs of non-commissioned and commissioned officers leaving military service through early retirement or voluntary or involuntary separation.

MilCert's services build on the existing teacher certification program at Clemson University. The demonstration project recruits and assists interested military personnel to complete prerequisites and gain admission to the teacher certification program. Once matriculated, project participants must complete the coursework and practice teaching requirements of the University's teacher certification program. The demonstration design calls for participants to complete a one-year paid internship, instead of unpaid practice teaching, to ease the financial burden of their career transition.

Clemson, South Carolina [continued]

While the demonstration planners documented the availability of teaching jobs in South Carolina, they may have overestimated the attractiveness of this career to the target population and underestimated the importance of factors leading to the teacher shortage. These factors include the relatively high cost of attending Clemson's teacher certification program, the relatively low salaries and low professional esteem of teachers, and the unattractive living or working conditions in remote areas or inner city ghettos where many of the jobs are available.

Burbank, California. The Defense Conversion Adjustment Demonstration administered by The International Association of Machinists and Aerospace Workers (IAM) in Burbank, California is working with a number of different firms in the Los Angeles area interested in worker retraining associated with defense conversion efforts. Several of the planned activities involve dislocation aversion, as described in Chapter II.

IAM is also trying to encourage employers in the emerging electric vehicle manufacturing industry to hire dislocated aerospace workers. In particular, IAM has identified the production of body parts for electric vehicles as a potential occupational niche that could benefit from the transferable skills of defense workers experienced with lightweight composite materials. However, because of delays in the commitment by the Big Three U.S. automakers to producing electric cars, it is not clear that these new jobs will be created in time to employ dislocated aerospace workers.

IAM is currently working with one start-up firm that is interested in hiring dislocated aerospace workers with experience in composite materials. After training participants in teamwork, concurrent engineering, and the development and fabrication of composite bodies for cars and buses, the firm hopes to be able to hire the workers to supply parts to a local electric vehicle manufacturer. Successful completion of this effort depends on the ability of the start-up firm to develop and market its products, which may require additional outside funding.

PROMOTING ENTREPRENEURSHIP IN HIGH TECHNOLOGY FIELDS

A fourth strategy to link dislocated defense workers to high-quality employment opportunities is *encouraging dislocated defense industry workers or separated military personnel to pursue self-employment or to create new jobs through forming new businesses*. Entrepreneurial efforts encouraged by the defense conversion projects range from small-scale self-employment in the service sector (e.g., individual consulting practices by managers or technicians) to new business start-ups with the potential for large-scale growth and expansion. Some projects support a wide range of entrepreneurial activities; others focus on high technology business start-ups encouraging technology transfer from the defense sector to commercial applications.

The Implementation Experience for Worker Mobility Projects

Two of the Round 1 worker mobility projects emphasize entrepreneurship in high technology areas as part of a long-term strategy to rejuvenate regional economies as well as develop high-quality jobs through individual self-employment. While this strategy may succeed for selected individual participants and may benefit local economic development overall, it has some serious limitations as a widespread model for worker mobility. These drawbacks include the high rate of failure among new businesses and the lack of income support for budding entrepreneurs during an extended start-up period. As a result, both of the projects using this strategy emphasize the need to screen interested participants carefully to make sure they (1) know the risks and are willing to take these risks for a chance at a successful business start-up; (2) have a strong enough business plan and sufficient skills to afford their business venture some chance of success; and (3) have some outside means of financial support during program participation.

Projects Promoting High Technology Entrepreneurship

Binghamton, New York. Serving the Southern Tier Region of New York State, the DCA demonstration project in Binghamton has a dual focus: (1) to rejuvenate the regional economy adversely impacted by defense downsizing, deindustrialization, and the recession, and (2) to assist selected defense industry professional and technical workers to transition to new jobs by participating as members of self-directed work teams in the development of new products and new markets. These two objectives are interconnected.

The project has recruited dislocated defense workers with skills in product design and management, manufacturing processes, marketing, and service/support. Applicants were screened for creativity, tenacity, entrepreneurship, team orientation, and goal orientation. After receiving classroom training in team building and systems and manufacturing skills, participants formed project work teams to develop proposals for new products or new markets, teaming with existing local companies when possible to explore business opportunities.

Local firms may participate by sponsoring projects in which they may be interested in investing. In addition, work teams may offer their services to firms to assess core competencies and identify areas of strengths and weaknesses. The project is also interested in promoting flexible partnerships and joint ventures among work teams, start-up firms, and existing firms to produce and market new products.

[continued]

San Diego, California. One of the activities undertaken as part of the DCA demonstration in this site is an entrepreneurial training program for dislocated defense industry workers with high-level technical skills. Given the regional loss of employment opportunities for professional and technical workers, the initiators of this demonstration see high-tech entrepreneurial activity as the key to renewing the San Diego economy. The high technology entrepreneurial training program aims to recruit high-caliber applicants with specific technical skills and interests who already have specific plans for starting a technology-oriented business. The objective of this project component is to provide the training and support needed for participants to develop detailed business plans, obtain venture capital if needed, and start up their planned businesses.

ESTABLISHING CLIENT TARGETING GOALS AND RECRUITING APPROPRIATE APPLICANTS

Because the worker mobility demonstrations tend to target dislocated defense workers from an entire industry or occupational grouping rather than workers dislocated from a single plant or military base, they need *to develop clear client targeting goals as well as effective procedures to recruit and enroll members of the intended target groups.*¹ Across the board, the experiences of the worker mobility demonstrations reveal that participant recruitment and screening is a time-consuming and labor-intensive process, particularly for projects that are reaching out to a dispersed target population and/or need to match participant interests and aptitudes to particular training programs or occupations.

Project success in recruiting individuals from the intended target group depends on effective strategies to reach them and inform them about available project services. In addition, to convince dislocated workers to enroll in project services, the demonstrations also need to identify re-employment goals that are attractive to potential participants and offer project services that appear to be helpful in reaching their goals.

¹The exception is Project EARN in Titusville, FL., which is targeted to workers laid off from a McDonnell Douglas missile production facility.

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Projects targeting separated military personnel face different challenges than projects targeting civilian defense industry workers. Two of the six Round 1 worker mobility demonstrations planned to recruit separated military personnel, while five of the six projects have targeted civilian workers dislocated from defense-related employment. (*StepOut* in Tempe, Arizona planned to serve both separated military servicewomen and women dislocated or at-risk of dislocation from defense-related contractors.) Figure III-2 summarizes the different recruitment goals of the worker mobility projects.

**Figure III-2
Key Features of Worker Mobility Projects: Recruitment Goals**

Project	Military Personnel	Civilian Defense Workers	Inclusive Targeting	Selective Targeting
Project EARN Titusville, FL		X	X	
StepOut Tempe, AZ	X	X	X	
MilCert Clemson, SC	X			X
Consortium and PIC San Diego, CA		X		X
Center for Commercial Competitiveness Binghamton, NY		X		X
IAM Burbank, CA		X		X

PROJECTS TARGETING SEPARATED MILITARY PERSONNEL

Of the two projects that planned to recruit separated military personnel, only one was successful in recruiting applicants from this target population. Both projects found it difficult to work with outplacement officers at military bases in order to reach potential project participants. Recruitment was especially difficult when prospective participants were not

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contacted until the separation was imminent or after separation had occurred. As described below, one project gave up trying to reach this target population, and the other developed its own international recruitment campaign using public media.

Because military personnel are often aware of impending base closures/layoffs and planning their re-employment options long before the dislocation occurs, one strategy for recruiting from this target population is *contacting prospective participants in advance of the layoff*. From the perspective of the participant, the objective of early recruitment is to prevent or ease the trauma of dislocation by helping individuals consider re-employment options and plan for re-employment before dislocation actually occurs. From the perspective of the project, the objective of early recruitment is to increase the pool of potential participants.

Another strategy used by the demonstration project described below is *recruiting U.S. military personnel stationed throughout the U.S. as well as reaching out to military personnel stationed overseas*, rather than recruiting workers from a specific region or specific military base.

Recruitment Experiences of Projects Targeting Separated Military Personnel

Clemson, South Carolina: Targeting Officers and Senior Enlisted Personnel. The *MilCert* project targets both retired and voluntarily or involuntarily separated officers and enlisted personnel, with an emphasis on recruiting senior enlisted personnel from minority ethnic groups. This target group was selected to reach mature individuals with experience working with young people. It was also hoped that the project would succeed in recruiting minority group males who could become role models for minority students in South Carolina schools.

Initial recruitment efforts were targeted to military personnel stationed in South Carolina. When this approach did not result in large numbers of applicants, the project began an international recruitment campaign by advertising in military newspapers which are distributed to members of the armed services throughout the world. Although the project has fallen far short of its projected enrollment volume of 75 participants during the first 18 months of demonstration operations, this practice has significantly increased the project's potential applicant pool. During the first year of operation, the project did not succeed in enrolling any minority males.

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Clemson, South Carolina [continued]

Project staff say that the "pipeline" of planned participants is now filling, although enrollments have been delayed because (1) applicants need at least three to four months to decide whether to enter the program and submit the necessary application materials; (2) the project has been reaching some interested individuals who will not be separated from military service for another six months to two years; and (3) some applicants need to complete educational prerequisites at other institutions before qualifying for entrance to Clemson's teacher certification program.

While the two strategies of worldwide recruitment and recruitment prior to separation have increased the pool of potential participants for this project, they have also substantially increased the staff time devoted to counseling and screening prospective applicants, and have delayed the project timeline even more by recruiting individuals who will not enter the program until 1995 or 1996.

Tempe, Arizona: Targeting Women Affected by a Base Closure. The *StepOut* program initially planned to recruit women affected by closure of a local Air Force base, as well as women employed by local defense contractors. However, by the time the demonstration became fully operational, the Air Force base had already closed and personnel had been relocated or released. Furthermore, project staff approaching base transition centers were met with a strong "we take care of our own" attitude. Given these two circumstances, the project shifted its target population to focus exclusively on women at risk of dislocation or already dislocated by local defense contractors.

PROJECTS TARGETING DISLOCATED DEFENSE INDUSTRY WORKERS

Of the five Round 1 projects targeting workers dislocated from defense industry employment, one project (Titusville, FL.) targets workers laid off from a single McDonnell Douglas missile production facility, while four projects target defense workers dislocated from jobs with a wider range of local defense contractors.² Recruitment strategies used by the demonstration projects targeting civilian defense industry workers include:

- ***Recruiting at-risk defense contractor employees prior to announcement of layoffs.*** This strategy has been used by one demonstration project that wants to recruit women at risk

²However, some of the projects targeting aerospace or defense industry workers in general have also tended to recruit workers from one or two large local firms that have experienced large-scale layoffs (e.g., Tempe, AZ has recruited many of its at-risk participants from the local McDonnell Douglas plant and San Diego, CA's three-dimensional drafting training has enrolled a high proportion of individuals laid off by General Dynamics and Rohr, who were enrolled by the local Title III program).

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of dislocation prior to layoff. Some local employers have been reluctant to let project staff meet with employees before layoffs are announced, but others have cooperated with these recruitment efforts.

- ***Participating in rapid response activities scheduled after large-scale layoffs are announced.*** Several projects have coordinated their recruitment efforts with rapid response worker orientations organized in response to announced layoffs.

- ***Selecting appropriate applicants from the pool of existing Title III clients enrolled in local dislocated worker programs.*** This strategy has been used by several projects that have identified specific re-employment occupations for dislocated defense workers and need to screen a large pool of prospective participants for interest in and appropriateness for the targeted occupations.³

- ***Contacting dislocated workers identified by corporations or through personal networks, or conducting general media outreach.*** When other recruitment strategies have failed, demonstration project staff have used their personal networks to contact dislocated defense workers, or used general public media announcements to inform potential participants about project services.

PROJECTS WITH INCLUSIVE CLIENT TARGETING GOALS

The projects providing individualized re-employment services (Titusville, FL and Tempe, AZ) have *inclusive* client recruitment goals and procedures. Both of these projects would like to reach as many workers as possible from the designated target groups, subject to resource constraints. In each project, prospective participants decide whether or not to enroll after attending an orientation session to learn what the project has to offer. For these projects, the

³As described in later sections, this strategy has sometimes led to coordinated delivery of services to clients by the demonstration projects (which provides retraining) and the ongoing Title III delivery system (which provides basic readjustment services and supportive services).

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recruitment challenge is to generate interest among potential applicants. Recruitment linked to Title III rapid response orientations has been one strategy that has been used successfully in each of these projects.

Recruitment by Projects Targeting All Interested Applicants

Titusville, Florida. *Project EARN* targets its services to all McDonnell Douglas employees laid off from the Titusville missile production plant after January 1991, as well as those facing imminent layoff (e.g., employees working on defense projects that have been curtailed or canceled). The project attempts to recruit new participants as soon as possible after layoffs have been announced.

Workers affected by announced layoffs are recruited for the project through employee orientation sessions held either on-site or off-site with full employer cooperation. All McDonnell Douglas employees are eligible for project services, including managers, professional/technical workers, and production workers. To initiate project enrollment, affected workers request intake appointments with project staff at either of two project service sites -- one located at the McDonnell Douglas plant and one located at Brevard Community College.

Tempe, Arizona. *StepOut* targets women dislocated or at risk of dislocation from a wide range of white collar jobs or nontraditional employment with defense contractors, particularly those who are interested in career advancement in managerial positions in the non-defense sector.

To reach women at risk of dislocation before layoffs are announced, the project has tried to recruit participants at defense firms known to be downsizing. Although they have had a hard time convincing employers to let project staff meet with employees before layoffs are announced, one or two local employers -- most notably McDonnell Douglas -- have been cooperative. As a result, many of the current participants have been recruited from a relatively small number of local employers. This recruitment strategy has resulted in the enrollment of significant numbers of participants, but it has also created a situation where some participants complete demonstration services without ever being notified of a layoff. Some may never be laid off.

The project has also coordinated with WARN rapid response activities to recruit dislocated workers, and is planning to increase its efforts to reach already dislocated workers through radio and television announcements and newspaper advertisements.

PROJECTS WITH SELECTIVE CLIENT TARGETING GOALS

In contrast, projects emphasizing re-employment through skills enhancement, training in new occupations, or high technology entrepreneurial activities (San Diego, CA, Burbank, CA, and Binghamton, NY) have *selective* recruitment goals and procedures. They need to recruit

and select participants who are interested in and have relevant experience and skills for the occupations in which training is offered or who have the capacity and tenacity to start a new business.⁴ Rather than linking recruitment to individual rapid response efforts, these projects have tended to conduct their own specialized outreach efforts and select appropriate candidates from the existing Title III participant pool in the local substate area.

Recruitment by Projects Screening for Appropriate Skills and Interests

San Diego, California. This project recruits and selects three distinct types of workers: (1) dislocated design professionals who are interested in skills enhancement training in three-dimensional drafting software; (2) workers dislocated from manufacturing-related jobs who are interested in training in high performance workplace organization skills; and (3) senior managers and individuals with advanced technical skills who are interested in and appropriate for training in high technology entrepreneurship skills.

For the first two activities, demonstration staff recruited and selected participants from among dislocated workers already served by the PIC's Career Centers as well as newly laid off workers recruited from rapid response worker orientations. Project staff reviewed applicants' resumes and interviewed applicants to determine the relevance of their previous experience and their ability to benefit from project services.

For the high technology entrepreneurship training, the training provider wanted to reach highly capable individuals with well-developed ideas for new businesses. Recruitment from the regular pool of dislocated worker served by the PIC was not a workable recruitment strategy for this activity. After several false starts, the provider arranged with the largest local daily newspaper to write a feature article about the project in the business section. The provider dedicated a telephone line to answering telephone inquiries about the project in response to this article. This recruitment strategy resulted in submission of 60 written applications, from which 35 applicants were selected for personal interviews. The project's advisory committee was so impressed with the quality of the applicants that they decided to enroll 19 participants, instead of the 10 originally planned.

Burbank, California. To recruit dislocated defense workers experienced with composite materials and interested in employment producing lightweight parts for electric vehicles, this project is planning to coordinate closely with the local PIC, which serves large numbers of dislocated aerospace and defense workers. The project plans to select individuals who have already been recruited and enrolled in dislocated worker services by the local PIC. During their participation in the demonstration, these individuals will continue to receive basic readjustment and needed supportive services from the PIC.

⁴The Clemson, South Carolina project serving separated military personnel also is selective in recruiting individuals interested in teaching careers.

[continued]

Binghamton, New York. To recruit 45 dislocated senior managerial and technical workers with an entrepreneurial spirit and skills in product design, management, manufacturing processes, and marketing, staff from this project made presentations to newly dislocated workers at rapid response orientations and dislocated workers already enrolled in Title III services. In addition, they made sure that local Job Service and EDWAA counselors were aware of the program and willing to make referrals of appropriate clients. The project also asked local employees to suggest candidates among the managers they had laid off.

After eliciting interest from potential participants, applicants completed written essays and participated in screening interviews that addressed their creativity and leadership qualities, accomplishments, working styles, and commitment to teamwork. These procedures both helped participants decide if they were interested in the project and helped the screening committee assess applicants' potential. Ultimately, 65 applicants were invited to participate and 55 accepted.

Although this project invested substantial time and effort in selecting participants, it would like to improve applicant screening for future rounds to ensure that all enrollees have the financial capacity to participate in a nine-month program. It would also like to "round out" the skills of the work teams by enrolling participants with diverse skills, including more participants with experience in production and marketing.

PROVIDING SERVICES APPROPRIATE TO THE NEEDS OF TARGETED DISLOCATED DEFENSE WORKERS

To address the needs of dislocated defense workers, demonstration services need *to offer an appropriate mix of basic readjustment, retraining, and supportive services*. In addition they should tailor services *to the particular training needs and employment barriers faced by dislocated defense workers and separated military personnel*. Below, we describe how the demonstration projects have addressed each of these challenges.⁵

OFFERING AN APPROPRIATE MIX OF BASIC READJUSTMENT, RETRAINING, AND SUPPORTIVE SERVICES

Among the core elements of responsive dislocated worker services are (1) basic readjustment services that address the trauma of dislocation, provide information about re-

⁵An analysis of the appropriateness of services cannot be fully performed until more is known about the characteristics of participants.

employment opportunities, and provide training on effective job search strategies and techniques; (2) retraining services that address participants' needs for basic skills remediation, skills enhancement, and training in new occupational skills; and (3) supportive services as needed to enable participants to complete other services successfully.⁶ Although not all participants will require all services, projects need to have the capacity *to provide an appropriate mix of services sufficient to meet the needs of the target population.*

Figure III-3 summarizes the different service mixes offered by the worker mobility projects. Rather than offering participants a mix of basic readjustment and retraining services, as described above, the Round 1 worker mobility demonstrations have tended to emphasize only one or the other of these types of services.

Figure III-3
Key Features of Worker Mobility Projects: Service Mix

Project	Emphasis on Basic Readjustment Services	Emphasis on Retraining		Preparation for Entrepreneurship
		Short-Term	Long-Term	
Project EARN Titusville, FL	X	X		
StepOut Tempe, AZ	X			
MilCert Clemson, SC			X	
Consortium and PIC San Diego, CA		X		X
Center for Commercial Competitiveness Binghamton, NY				X
IAM Burbank, CA		X		

⁶*Study of the Implementation of the Economic Dislocation and Worker Adjustment Assistance Act -- Phase II: Responsiveness of Services*, Social Policy Research Associates, Berkeley Planning Associates, SRI International, DOL Research and Evaluation Report Series 93-A, 1993, p. I-8.

PROJECTS EMPHASIZING BASIC READJUSTMENT SERVICES

The two demonstration projects that deliver individualized re-employment services have emphasized basic readjustment services and de-emphasized retraining services. Both projects in the category provide career counseling and job search training to assist dislocated defense workers to set and pursue appropriate re-employment goals. Although both projects outreach clients early in the layoff process, neither project emphasizes services to address the trauma of dislocation (e.g., financial counseling, stress, or personal counseling). Ongoing case management during job search is provided by one project. The other project views job search as the responsibility of each individual participant.

Thus, in comparison to the typical EDWAA project, the two worker mobility demonstrations emphasizing basic readjustment services offer a rather narrow range of basic readjustment services that may not have adequately met the needs of the participants. Furthermore, although we had hoped to see examples of basic readjustment curricula tailored to the specific transition from defense-related to commercial employment, both projects in this category used basic readjustment curricula developed for other populations.

Services Provided by Projects That Emphasize Basic Readjustment Services

Tempe, Arizona: Career Series and Fast Track Series. The *StepOut* program offers two distinct service tracks that may be selected separately or sequentially by participants. Participants choosing the Career Series are assigned to a vocational counselor (a graduate student in Arizona State University's vocational counseling program) for intake and assessment. The Career Series also includes 15 group instructional sessions on self-exploration, career planning, and job search topics.

The content of the Career Series sessions has not been tailored to the needs of dislocated defense workers. The curriculum was developed for ASU students served by the university's career counseling center.

Participants choosing the Fast Track component participate in an eight-session course on gender issues in employment. This course was developed as an academic course and is structured like a graduate seminar with reading assignments, guest lecturers, and research projects on the employment practices of local firms as they relate to employment and career advancement opportunities for women.

After completing one or both of these training components, participants may receive up to five free vocational counseling sessions. The program does not consider itself a job placement program and therefore does not provide ongoing case management support to participants during job search. Reimbursement for the cost of on-campus parking while attending project activities comprises the entirety of the project's supportive services or needs-related payment offerings.

[continued]

Titusville, Florida: Career Discovery and Outplacement Services as Core Services. Individuals deciding to enroll in *Project EARN* receive assessments of basic skills, occupational aptitudes and interests, and transferable skills, using standardized assessment instruments. Participants are then assigned to an ongoing counselor/case manager who assists them with service planning and maintains contact with them throughout program participation. All enrollees participate in a front-end, four-day instructional workshop covering career discovery and job search skills. In addition to this workshop, core project services include job placement assistance from the counselor/case managers.

Additional services options available to project participants include short-term training in skill enhancements or new skills averaging \$500 per participant, entrepreneurial training, financial planning, basic skills training, or computer literacy training. Most often participants attend classes at the local community college that operates *Project EARN*, though referrals to outside training providers can also be made. Participants requiring longer term training are referred to the regular Title III program operated by the local SDA.

Crisis adjustment services, such as consumer credit counseling, may be provided in group job club sessions offered to ongoing participants; however such sessions are not well attended. Personal counseling is also available from McDonnell Douglas Human Resources staff, but is not often utilized. No child care or transportation costs were included in the demonstration budget, because participants were expected to complete basic readjustment services and find new jobs quickly.

PROJECTS EMPHASIZING RETRAINING SERVICES

Rather than offering a sequence of services that begins with crisis adjustment services, assessment, and vocational counseling, followed by retraining and placement assistance, three of the projects emphasizing retraining begin by recruiting participants for specific retraining curricula. Two of these projects (San Diego, CA and Burbank, CA) depend on local substate areas to provide basic readjustment services to project participants either before or during participation in the DCA demonstration, using regular Title III funds. The remaining project (Clemson, SC) does not believe its participants need any crisis adjustment or vocational counseling services, other than academic counseling.

At one extreme, three demonstration projects *provide relatively short-term training*. The two skills enhancement curricula used in San Diego, CA and the retraining curricula designed for demonstration participants in Burbank, CA provide training that lasts only one month and includes only 80 to 99 hours of training. These courses are intended to help participants transfer

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their existing technical skills to non-defense employment. To assist in this transition, one curriculum is designed to prepare participants for the demands of high productivity, high quality, and low cost production in the commercial manufacturing sector.

Retraining available to participants in Project EARN in Titusville, FL is also limited to short-term training, because of the dollar limit placed on approvable training costs (limited to an average of \$500 per participant). If participants in this program want to continue in training for a longer period, they must do so at their own expense, or apply for enrollment in the regular Title III program.⁷

Projects Offering Short-Term Retraining

San Diego, California: Training in 3-Dimensional Drafting and Total Quality Management.

The services provided through the DCA demonstration in this site are narrowly focused on providing occupational skills training and job placement assistance. Additional services (e.g., basic readjustment services and supportive services) may be provided to demonstration participants by the PIC's Career Centers before or after participation in training.

Participants recruited for the three-dimensional drafting software training received 80 hours of training in CATIA Applications. Training lasted one month and was provided five days per week for four hours per day. Because most participants had difficulty obtaining employment using their drafting skills upon conclusion of this training, the project arranged for 10 of the 75 graduates to participate in an additional 120-hour course to prepare them for manufacturing computer chips.

Participants in the Total Quality Management class receive 88 hours of training over a one-month period in topics that include TQM skills, resource planning and process control, concurrent engineering, strategic planning, and leadership skills. To have a common context for discussing and practicing TQM skills, participants apply these skills to analyzing and solving their job search challenges.

After completing training, participants from both occupational training classes are assigned to the demonstration's job developer for ongoing case management and job search assistance.

Titusville, Florida: Short-Term Training Averaging \$500 Per Participant. Project EARN

anticipated that participants would be eager to return to work and that the local commercial aerospace industry would be capable of absorbing dislocated aerospace workers after only short-term skills enhancement. As the result, the project did not budget for long-term retraining. Instead, the project allows each participant to receive an average of \$500 in skills-enhancement training or training in new careers. Training plans are developed for each participant in cooperation with their vocational

⁷As of May 1994, four demonstration project participants have transferred to EDWAA-funded training

Titusville, Florida [continued]

counselor/case manager. Training can be received from the community college that administers *Project EARN* or from another local training institution.

Project EARN has been able to arrange open-entry/open-exit schedules for some of the community college courses used most frequently by dislocated workers. This arrangement has made it possible for participants to enter training without waiting for the beginning of a new semester and to progress at their own pace.

Burbank, California: Training in Prototype Design and Fabrication Using Composite Materials. The curriculum for this training program has not yet been developed. The prospective trainer and employer of participants -- a start-up firm interested in manufacturing lightweight bodies for electric vehicles -- plans to cover three topics (in 99 hours of classroom training): computer literacy, an introduction to composites, and fabrication of composite materials. Any additional services to project participants, such as needed basic readjustment services and supportive services, will be provided by the local PIC.

At the other extreme, one demonstration project (Clemson, SC) *arranges for training that is quite intensive but also long-term*, lasting from one to two or more years.

Project Arranging for Long-Term Retraining

Clemson, South Carolina: Teacher Certification Training Followed by Paid Internships. This project provides extensive counseling and assistance to prospective participants, usually by telephone, as they are considering applying to Clemson University's teacher certification program. This assistance includes researching college courses taken at other institutions to see if they meet Clemson requirements, counseling about prerequisites and teacher certification requirements, and helping applicants arrange for courses they need to complete before qualifying for admission to the Clemson program.

For applicants who do not have enough transferable credits to have junior standing in their field of study, the project can help arrange attendance at local community colleges (referred to as adjunct institutions) to complete courses needed to qualify for admission to Clemson. After participants are admitted to Clemson or its adjunct institutions, the demonstration project can assist individuals with plans to relocate to Clemson for training. In addition, the project provides informal ongoing academic counseling to participants throughout their training.

Once enrolled, participants attend regular classes at Clemson's College of Education to fulfill the training requirements for the state's teaching credential. Although demonstration funds are used to cover three teaching positions in the College of Education, project participants must still pay tuition

Clemson, South Carolina [continued]

out of their own pockets or from some other source of student financial aid. The demonstration does not offer financial assistance or supportive services from project funds.

After participants complete their academic program, the project will assist them in arranging paid internships at primary or secondary schools in South Carolina. To facilitate the internships, the project is trying to arrange for participants to receive a temporary teaching credential for the internship year.

PROJECTS OFFERING ENTREPRENEURSHIP TRAINING

The two projects designed to encourage high technology entrepreneurship also emphasize long-term services to participants (a planned minimum of one year of active involvement with project services for all participants). Each of these projects has designed its own services around the perceived needs of its targeted clients. These services are difficult to categorize as “basic readjustment services” or “retraining.”

Participants receive a combination of classroom instruction in skills needed for successful entrepreneurship/team building, hands-on practice developing product and marketing ideas and presenting them to others, and individual consultations with business experts on specific aspects of planned business ventures. One project (San Diego, CA) supports participants in the development of their individual business plans. The other (Binghamton, NY) has participants form self-directed work teams, which function as training laboratories for high performance workplace skills and as the organizational format for entrepreneurial activities.

Both projects emphasize that participants need to have an outside means of financial support during the project and be willing to sustain sacrifices for the star-up of their businesses.

Services Provided by Projects Encouraging High-Technology Entrepreneurship

San Diego, California: High Technology Entrepreneurship Course. The one-year entrepreneurship course developed for demonstration participants in this site builds on an existing seminar on the "nuts and bolts" of entrepreneurship, using individuals on the project Advisory Committee to contribute information in their specific areas of expertise. In addition to the formal classroom instruction, this project helps participants present their business ideas to panels of experts to get feedback and suggestions, and to prospective sources of venture capital. A final activity planned as part of the entrepreneurship course is a brief internship or "mentorship" at an existing high technology start-up firm. Throughout the program, participants may receive counseling from project staff on various aspects of business and financial planning.

Binghamton, New York: Formal Training in Commercial Competitiveness Skills Plus Work in Self-Directed Teams. This project instructs all participants about the skills necessary to develop competitive commercial business ventures and participate as members of self-directed work teams. Formal instruction occurs during the first ten weeks of project participation and is based on five different course curricula, constituting a "mini-MBA" program totaling 300 hours of classroom participation. Courses include: corporate culture, team building, business process development, commercial competitiveness, and systems and manufacturing.

Following the formal training, participants form self-directed work teams of six to ten members each. Joint committees of project staff and participants are also formed to oversee team and project operations. Individuals can participate on more than one work team or committee. These work teams are the vehicle for practicing high-performance workplace skills as well as the process by which participants are intended to develop viable new business enterprises or joint ventures that will lead to job creation or re-employment for individual participants and economic development for the regional economy.

Project staff are available on an ongoing basis as consultants to these teams, although they have tried not to interfere in the independence of team operations.

In addition to services to workers, this project also sees the work teams as offering a service to area firms, through the assessment of "core competencies."

ADDRESSING PARTICIPANTS' NEEDS FOR FINANCIAL SUPPORT DURING TRAINING

None of the worker mobility demonstrations planned for the delivery of extensive supportive services or needs-related payments. Only one project -- the entrepreneurial training project in Binghamton, N.Y. -- uses demonstration funding to offer any financial assistance or supportive service allowances to participants. In this project, emergency payments were designed and awarded on the basis of need after it became obvious that participants would have to drop out unless financial support was provided.

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In several other projects (e.g., Burbank, CA, and San Diego, CA), the demonstrations piggy-back on supportive services provided by the substate area using regular Title III funds.

The remaining projects anticipated that participants would be re-employed quickly or that funds would be available from some other source to cover financial expenses. The lack of attention to financial support needs has created problems for participants in several projects, particularly when training lasts longer than originally anticipated.

Project Using Demonstration Funds to Provide Supportive Services

Binghamton, New York. This project reserved 5% of its total budget to reimburse participants for travel expenses and to provide needs-related payments. Although the project emphasized to prospective participants that they would need to be able to support themselves during instruction, the project has found it necessary to provide emergency financial stipends to participants whose financial resources have been exhausted, and who need additional resources to enable them to continue in the program.

Because the demand for financial support services has been greater than expected, project expenditures for supportive services from demonstration funds have exceeded the budgeted amount. In addition, the project has used about \$55,000 in corporate contributions to fund supportive services. Participants were consulted about how to allocate available supportive service funds. They decided to award bi-weekly stipends to those most in need (individuals whose UI had expired and whose household income was below \$20,000).

PROJECT ORGANIZATION: COORDINATING FUNDS AND ACTIVITIES AMONG PROJECT PARTNERS

One goal of the DCA demonstrations is *to experiment with different organizational structures and roles to improve program effectiveness*. A wide range of organizations -- including states, Title III substate grantees, employers, employer associations, and employee representatives -- were eligible to apply for demonstration funds. In addition, demonstration applicants were required to describe in their proposals how they would coordinate with other agencies and institutions involved in defense conversion and economic development activities

related to the demonstration project goals. Figure III-4 summarizes the different organizational features of the worker mobility projects.

Figure III-4

Key Features of Worker Mobility Projects: Project Organization

Project	Involvement of Title III Substate Areas in Key Role	Use of Inter-Agency Partnerships
Project EARN Titusville, FL	No	Yes
StepOut Tempe, AZ	No	Yes
MilCert Clemson, SC	No	No
Consortium and PIC San Diego, CA	Yes	Yes
Center for Commercial Competitiveness Binghamton, NY	No	Yes
IAM Burbank, CA	Yes	Yes

The organization of the funded worker mobility demonstrations deviates in two ways from standard Title III organizational arrangements. First, with one exception, *the agencies or organizations with lead administrative responsibilities for the worker mobility demonstrations are not the Title III substate entities*. The lead program operators include two universities (in Tempe, AZ and Clemson, SC), one community college (in Titusville, FL), one non-profit organization created specifically for the demonstration (in Binghamton, NY), one labor union (in Burbank, CA), and one JTPA SDA/substate area (in San Diego, CA). Only two of these program operators (in Titusville, FL and San Diego, CA) had had previous experience operating Title III programs for dislocated workers.

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While this shift in organizational roles and responsibilities has enabled demonstration program operators to identify and develop new and innovative retraining and re-employment opportunities for dislocated defense workers, it may also have hindered the demonstrations' ability to plan for the full range of dislocated workers' needs. Without previous experience serving this target population, some demonstration projects were not aware of the potential need for basic readjustment services, including crisis adjustment services, nor of the need for supportive services and financial support during training.

In the projects where the Title III substate area is not the demonstration grantee, the EDWAA service delivery system is involved in the demonstration to differing degrees. In one project (Burbank, CA) the local Private Industry Council is an active partner in the demonstration, responsible for identifying appropriate demonstration participants (from the local pool of Title III clients) and addressing participants' basic readjustment and supportive service needs during training, using Title III funds. In the other projects, substate areas do not play an active role in demonstration operations, although they may be involved in referring appropriate clients to the demonstration or accepting referrals from the demonstration.

The second way the organization of the demonstrations deviates from the standard Title III organizational arrangements is *that partnerships or collaborations of several organizations are involved in designing and delivering project services*. These partnerships include, for example, a labor union and a Private Industry Council (in Burbank, CA) or a partnership of private industry, academia, and economic development agencies (in Binghamton, NY). At their best, these partnerships have helped projects identify and coordinate the needs of dislocated workers and private industry, and link these needs with the resources available from educational institutions and economic development agencies. In several cases, however, the involvement of multiple organizations or actors appears to have caused demonstration designs to be segmented into several unrelated activities, one controlled by each demonstration partner.

Projects Operated by Organizations New to Dislocated Worker Services

Clemson, South Carolina: Project Operated by a University. The *MilCert* demonstration project is operated by the College of Education at Clemson University without any other formal project partners. Upon receiving the grant award, Clemson University created a separate *MilCert* office within the College of Education, which recruits and counsels applicants, tracks participant progress, and submits required administrative reports to DOL. Perhaps because the program operators had no previous experience with the JTPA system or with services to dislocated workers, project planners did not involve other agencies or arrange for the delivery of basic readjustment services or supportive services to program participants.

Tempe, Arizona: Project Operated by a University. Like the *MilCert* project at Clemson, the *StepOut* project is operated by a public university. The organizational structure is somewhat more complicated, however. The official grantee is the Arizona Governor's Office for Women, which was involved to give the project higher visibility, assist the project in its recruitment efforts, and facilitate its relationships to downsizing defense firms/military bases. In practice, the role played by the Governor's Office for Women has not been very pronounced.

Within Arizona State University (ASU), which operates the project, the organizational structure is based on a collaboration between the Department of Justice Studies and the Career Services Center at ASU. Although these entities jointly operate recruitment and orientation activities, the actual delivery of services is separated into two distinct tracks, with the Department of Justice Studies operating the Fast Track, while the Career Services Center operates the Career Series track. Once a participant chooses a service track, the two components are operated almost completely independently.

The local EDWAA substate area has been involved only minimally in the demonstration by referring some women from rapid response orientations to the project.

Binghamton, N.Y.: Project Operated by A Non-Profit Organization With Strong Input and Support from Government, Industry, and Academia. In this project, the demonstration grant is the start-up activity for an independent non-profit organization called The Center for Commercial Competitiveness (*C3*). *C3* is responsible for all aspects of project operations. This organization is currently housed at the Binghamton, NY campus of the State University of New York, which is the official demonstration grantee.

C3 is supported by a broad consortium of public agencies, private corporations, and academia. These project partners support *C3's* operation of the project through financial contributions and active participation on the project's Board of Directors, which sets demonstration policies and approves each individual project proposed by the demonstration's work teams. This unique consortium enables the project to address the multiple concerns of private industry, dislocated workers, and economic development planners.

Agencies represented on the project's board include: Binghamton University, the New York State Department of Economic Development (which has contributed \$112,000 in state funds to the project budget), the New York State Department of Labor (which has contributed \$100,000 in Governor's Reserve Account EDWAA funds to the project budget), UniPEG, a regional center to promote technology transfer and research and development efforts between universities and industry, and representatives of corporations (which contributed a total of \$55,000 to support project activities).

Projects that Involve Partners Experienced in Serving Dislocated Workers

San Diego, California. A Partnership Between a Substate Area, Two Educational Institutions, and An Economic Development Agency. In this demonstration, the local substate area -- the San Diego Consortium and Private Industry Council -- is the lead administrative agency coordinating the activities of three additional project partners. Each project partner has been given its own distinct operational role in the demonstration. One partner, the San Diego Economic Development Corporation, is responsible for collecting and analyzing survey data about the labor force needs of non-defense employers.

Two additional partners are public educational institutions that have developed special programs to meet the training and technical assistance needs of local high technology firms. These partners are responsible for developing curricula and providing training to the dislocated defense workers served by the demonstration. The CONNECT program at University of California, San Diego operates the demonstration's high technology entrepreneurial training program. It also provides Roundtables on commercial applications for the products developed or processes used by defense contractors (described in Chapter 2, as a dislocation aversion approach). The Center for Applied Technology at San Diego Community College provides dislocated defense workers training in three-dimensional drafting software applications and total quality management skills.

The role of the substate area is to help identify the areas in which training should be provided, recruit and screen participants for the selected training programs, and place participants after training.

Titusville, Florida: Project Operated by a Community College. Although the official grantee for *Project EARN* is McDonnell Douglas Aerospace East, the firm selected the Center for Career Development at Brevard Community College to provide participant services, because it had successfully worked with this organization as an EDWAA service provider in connection with earlier layoffs. Using demonstration funds, eight full-time staff at Brevard Community College are assigned to the McDonnell Douglas project.

Although the demonstration operator is an experienced Title III contractor, the local substate area has no formal involvement in the demonstration project. This substate area is currently trying to provide all Title III services in-house using only individual referrals to local providers of education and training services.

Burbank, California: A Partnership Between a Labor Union, the Substate Area, and Individual Firms. The grantee and lead partner in this demonstration is the International Association of Machinists and Aerospace Workers (IAM). In developing the demonstration design, the IAM project director has been working closely with the substate area -- The Verdugo Private Industry Council -- and its Labor-Management Committee as well as with individual firms and private industry consortia interested in defense conversion.

Under the organizational arrangements for serving dislocated workers, IAM and the PIC's Labor-Management Committee are responsible for identifying firms that are interested in hiring dislocated defense workers and linking them with consultants and educational institutions, as needed, to develop detailed strategic plans and customized curricula for worker retraining. The substate area is responsible for selecting participants for retraining, providing basic readjustment and supportive services, and providing job placement services at the conclusion of training, if necessary.

SUMMARY AND CONCLUSIONS

The worker mobility projects differ from "business as usual" in dislocated worker programs in their attempts to prepare groups of dislocated defense workers for re-employment in specific occupational niches offering high-quality jobs. Among the more innovative aspects of the demonstration project designs are efforts to build closer linkages between economic development and worker retraining. The projects promoting individual entrepreneurship are also breaking new ground in their efforts to use small business start-ups as catalysts for regional economic development.

The worker mobility projects faced several challenges in addressing the needs of defense industry workers/military personnel dislocated or expected to be dislocated as a result of reductions in defense spending.

The first challenge is *to identify high-quality re-employment opportunities for dislocated defense workers*, many of whom have advanced technical skills and high earnings. This challenge is particularly difficult because many of the projects are operating in labor markets with limited high-quality job openings. To address this challenge the DCA demonstrations are testing several different strategies, including: (1) providing services to help individuals set and pursue individual re-employment goals; (2) offering skills enhancement training to give participants a competitive edge in seeking new jobs in similar occupations; (3) training participants for jobs in emerging industries or "niche" occupations that can utilize their transferable skills; and (4) promoting entrepreneurship in high technology fields.

In the Final Report, we will use quantitative information about project participants, services, and outcomes to compare and contrast the effectiveness of these different strategies in:

- Matching participants to re-employment goals suited to their interests and transferable skills.
- Helping participants achieve high quality employment outcomes.

The Implementation Experience for Worker Mobility Projects

A second challenge facing the worker mobility demonstrations is ***to develop clear client targeting goals and effective procedures to recruit and enroll members of the intended target groups***. Recruitment of military personnel has been difficult for the two projects that initially targeted this population. One project gave up trying to recruit military personnel. The remaining project targeting separated military personnel has addressed this challenge by contacting prospective participants in advance of the layoff and by recruiting U.S. military personnel stationed throughout the U.S. as well as overseas.

Projects serving civilian defense workers fall into two groups: projects with inclusive recruitment goals that are interested in serving as many affected workers as possible and projects with selective recruitment goals that screen applicants for qualifications and interests appropriate to the specific occupations targeted by the project. To meet their client targeting goals, these projects have: (1) attempted to recruit at-risk workers from defense contractors prior to announcement of layoffs; (2) participated in rapid response activities scheduled after layoffs are announced; (3) selected appropriate applicants from the pool of dislocated workers enrolled in local Title III programs; and (4) contacted individual dislocated workers using employer contacts, personal networks, and public media announcements.

Projects with inclusive recruitment goals had most success using on-site outreach activities directed to employees of defense-dependent firms that had announced layoffs or that expected layoffs. Projects with more selective recruitment goals had most success reaching appropriate applicants by using carefully worded public media announcements and by reviewing the existing pool of local Title III enrollees.

The third challenge facing the worker mobility demonstrations is ***to offer an appropriate mix of basic readjustment, retraining, and supportive services*** and to ensure that services are appropriate to the specific employment barriers faced by dislocated defense workers and separated military personnel. Rather than offering a mix of services, the worker mobility demonstrations have tended to emphasize either basic readjustment services or retraining. When offered, basic readjustment services have tended to be rather narrow, with little attention to crisis adjustment needs. Neither of the projects emphasizing basic readjustment services has tailored

the content of these services to meet the specific circumstances of the transition from defense-related to commercial employment.

Demonstration projects emphasizing retraining services have tended to provide either very short-term or very long-term retraining. Only one of the projects offers any supportive services or financial supports to participants using demonstration funds. The absence of financial support has emerged as a problem in several projects offering long-term services.

In the Final Report, we will use quantitative information about services and outcomes to compare and contrast the effectiveness of the service designs of the different worker mobility projects. Key questions to be addressed by these comparisons include:

- Whether receipt of basic readjustment services alone is sufficient to help dislocated defense workers achieve their employment goals.
- Whether short-term training is sufficient to enable participants to obtain high-quality jobs.
- Whether the projects offering long-term training are able to support participants until they complete the training and whether the outcomes of long-term training justify the time spent in training.

The fourth challenge facing the worker mobility demonstrations is *to develop an organizational structure to promote innovative and effective services to the targeted population*. Projects have addressed this challenge by giving the lead administrative role to agencies that are distinct from the Title III substate agencies and promoting partnerships among local agencies (e.g., economic development agencies, educational institutions, and substate administrative entities.)

The effect of this organizational innovation appears to have been mixed. While it has encouraged the development of new occupational training designs and enabled projects to link worker mobility and economic development objectives, the new organizational arrangements also

The Implementation Experience for Worker Mobility Projects

prevented projects from developing a full range of responsive services. Perhaps because they lacked experience serving dislocated workers, some project operators developed service designs that gave little attention to the crisis adjustment and supportive service needs of dislocated workers (e.g., Titusville, Clemson and Binghamton).

PART B

PROFILES OF THE WORKER MOBILITY PROJECTS

STEPOUT: A WORKER MOBILITY PROJECT TEMPE, ARIZONA

StepOut assists women who are dislocated or at-risk of dislocation from their jobs in the defense sector in planning for immediate career transitions and longer-term career advancement. Operated jointly by the School of Justice Studies and the Career Services Center at the Arizona State University at Tempe, StepOut blends career counseling, assessment, leadership development, and career exploration services with a curriculum that emphasizes an understanding of how gender influences opportunities and success in the labor market and the workplace. The philosophy of this project is that women face a different set of barriers to reemployment and need special training to overcome them. StepOut offers two distinct service tracks, which may sometimes be combined. The Career Assessment Series offers traditional career counseling and job search assistance, while the Fast Track Seminar consists of a series of classes for women seeking to rejoin or enter a "fast track" career with heightened awareness of gender issues. Nearly 300 women have been served in the first year of the program.

PROJECT CONTEXT, PLANNING AND GOALS

CONTEXT

Although Maricopa County, the home of the StepOut Program, is relatively healthy, with an unemployment rate below the national average and growth in some sectors, the area has taken a hard hit from defense-related downsizing. Home to 19 of the top 25 defense contractors in Arizona, the Phoenix area has suffered an 18% decline in defense-related employment over the last three years. Some firms have seen as much as half their workforce laid off due to a

StepOut

shrinking demand for their products. In addition to dislocation in the private sector, a military base near Phoenix closed during the early summer months of 1993.

Laid off workers, representing the entire occupational spectrum from high-level managers to low-skilled, blue collar workers, face a constricting labor market in the Valley and state-wide. Managerial and professional workers in particular find well-paid jobs in scarce supply due to private sector corporate restructuring. According to StepOut planners, women face more severe barriers than men in their search for new employment. They may be among the first to be laid off, being among the last hired, their spells of unemployment tend to be longer, and they face continuing discrimination in the labor market. In addition, many programs and agencies offering job search services tend to be male-oriented. The program, especially the Fast Track Series, is intended to "even the playing field" for women who have lost or may lose their jobs through defense downsizing.

PLANNING

StepOut was inspired by and closely modeled on Phoenix Leadership 2000, a University-sponsored series of meetings in 1992 that brought together leading women in the local business community for networking and discussions about their experiences as women holding high-level positions. One of the women who was active in launching Phoenix Leadership 2000 became the force behind the conceptualization and initiation of StepOut. This professor of Justice Studies at Arizona State University (ASU) saw military downsizing and the release of a large number of highly-skilled, well-paid and well-positioned women, many of whom work in "nontraditional" jobs, into the commercial sector as an "historic opportunity" to spark social change. *Project StepOut is a manifestation of the planner's determination to empower women to pursue lucrative careers by equipping them to tackle gender-based inequalities in the workplace and the job market.*

StepOut was planned and is operated by a partnership formed by three entities -- the School of Justice Studies at ASU, the Career Counseling Center at ASU (an on-campus

counseling center for students) and the Governor's Office for Women (GOW), which was selected to be the official grantee. Staff in GOW supported project planning and were expected to play a key role in outreach by securing the cooperation of defense contractors in making StepOut services available to their at-risk employees. The role of GOW has evolved over the year. Currently their outreach role is oriented to identifying and working with potential employers of program graduates.

GOALS

The goals of StepOut are to enhance participants' chances of (1) experiencing shortened spells of unemployment, and (2) finding high-quality jobs or a career that has "fast track" potential, e.g., a rewarding career ladder, good wages, and organizational support for staff development. To realize these goals, the program offers two distinct service tracks. Both service tracks are intended to promote achievement of career objectives through increasing participants' knowledge and self-confidence about career decision-making skills or job search skills. The "Fast Track Seminar" emphasizes teaching participants about gender barriers to career advancement and how to overcome them and seeks to develop participants' ability to analyze the "fast track" potential of careers. The Career Series provides a combination of career exploration/career counseling and job search skills training.

Although the project is designed to promote high quality employment opportunities over time ("careers, not just jobs"), project staff stress that their program is not a "job placement service." Instead, staff attempt to "empower" women to change or improve their careers on their own. *Participants are supported in this effort through such services as resume development, access to the Career Services, library and employment data bank, networking with other participants, and individual job counseling with Career Services staff.* The evaluation will address the issue of whether enhanced awareness, improved self-esteem and consciousness of gender and mobility issues further intended project goals.

PROJECT ORGANIZATION, FUNDING AND COORDINATION

ORGANIZATION AND COORDINATION

StepOut is administered and run by a partnership of the School of Justice Studies at ASU, the ASU Career Counseling Center, and the Governor's Office for Women. The Project Principal Investigator, also the Chair of the Justice Studies Department at ASU, supervises the staff involved in planning, facilitating, and documenting Fast Track activities. These include two Senior Research Specialists who act as coordinators, support staff and several half-time graduate assistants. A five minute walk away from the School of Justice Studies is the Career Counseling Center, which serves StepOut participants involved in the Career Series. This component operates independently of the Fast Track component. The Director of the Counseling Center recently left, and her role in leading the Career Series component of the program has been taken over by one of the Assistant Directors. In addition to clerical and support staff, the Career Series component is also staffed by about five student-counselors who work exclusively with StepOut participants, but who would have received other counseling assignments as part of their graduate program in the absence of the StepOut program. Finally, the Governor's Office for Women, the grant recipient, offers no direct services to participants, but conducted some outreach efforts early in the program.

A key challenge for StepOut from the beginning has been to improve the coordination and communication between the Fast Track component and the Career Series component. Staff for the two components have little regular contact, and little understanding of what the other "half" does. There is no staff position that effectively straddles the two components. All prospective participants attend the same orientation and intake sessions, yet staff for the two program components do not communicate with each other consistently or effectively. As one result of this rift, Career Series curriculum is not very differentiated from the standard campus career counseling program and not particularly responsive to the special needs of female defense workers. Also as a result of the split, the Fast Track component, otherwise the more innovative service, does not take advantage of the Counseling Center resources to provide Fast Track

participants with more traditional career counseling and job search assistance. The two tracks tend to compete for participants, rather than collaborate to match applicants to the most appropriate service.

OUTREACH AND RECRUITMENT

Originally targeted to both separated military personnel and private sector defense workers, StepOut almost immediately changed its focus to women who have lost or are likely to lose their jobs in businesses that are laying off workers due to cutbacks in defense spending. By the end of the first year, only five separated military personnel had enrolled in the program. Staff offered two reasons for the low enrollment of service members. First, the local Air Force base had already closed and personnel relocated or disbanded by the time the project was fully operational. Second, staff encountered a strong "we take care of our own" stance when they did approach base transition centers. One of the key counselors at the Career Counseling Center (who had retired but was hired as a special consultant for the project because of her own military background) had been a military spouse and was very familiar with this attitude.

The Fast Track component of StepOut is particularly interested in recruiting "career women" who held or are holding relatively high-level, highly-paid positions, or who have nontraditional employment. These women, it is assumed, are most likely to be seeking "fast track" careers in the private sector.

The project encountered significant reluctance on the part of defense firms conducting layoffs to cooperate with the program. Employers preferred to keep their layoff schedules and lists highly confidential in an attempt to minimize effects on workforce morale, and sometimes contracted out their outplacement services to independent firms. As a result, StepOut's recruitment strategy has gradually evolved from trying to work with any defense contractor to targeting two or three firms that have agreed to allow StepOut access to their workers. By far the most cooperative defense firm is McDonnell Douglas. Because McDonnell Douglas lacked adequate staff in the Human Resources Division to assist large numbers of laid off workers who

StepOut

needed assistance, management decided to accept StepOut's offer to provide no-cost transition services to laid off employees. The project's continued access to McDonnell Douglas employees is in large part due to the presence of one individual in the Human Resources Division at McDonnell Douglas, who is an enthusiastic supporter of StepOut.

StepOut staff reaches potential participants by holding informational meetings at firms that are planning layoffs. *When StepOut staff encountered resistance from some employers, and could not "get in the door" on their own, they found that they could improve their access to affected workers by "piggybacking" on the efforts of the local EDWAA Rapid Response Team.* Contact between the Rapid Response Team and StepOut took place nearly 10 months after the project began, and immediately led to increased enrollments. The Title III coordinator also benefits from this arrangement, because it allows the Rapid Response Team to offer a wider range of services to female dislocated workers.

Once the project achieves direct access to workers, they have little trouble getting them to attend an orientation; the real challenge lies in winning the cooperation and confidence of sometimes-reluctant employers. Some rather nontraditional outreach methods have been used. One sympathetic Fast Track participant -- still employed -- posted informational notices about StepOut in the women's restrooms in her firm. In another firm, anonymous messages sent to employees via E-mail announced the next orientation meeting. Despite the obstacles and a rather weakly-coordinated outreach effort, the project is on track with their enrollment goals. By December 1993, the project had enrolled 304 women, close to their goal of 325.

StepOut most aggressively recruits women who are still employed, but are at risk of being laid off from defense firms. Although these at-risk workers are employed by defense contractors affected by the defense drawdown, a number of individuals recruited for participation during the first year of the program had not been dislocated, or even notified of a layoff date at the time they entered project services. Many firms, as described above, are unwilling to publish layoff lists in advance. This means that the women recruited by StepOut may anticipate layoffs, but have no formal notification at the time they enroll in StepOut. This was the case

for a number of StepOut participants during the first year of the program. The services StepOut offers may be relevant as early intervention to prepare women to think strategically about new careers prior to layoff.

The enrollment of women whose jobs may not be at immediate risk presents some complications in assessing the project's effectiveness and success. For example, what outcome indicators are appropriate to measure career transition services for individuals who are employed when they enter the program and still employed when they leave the program? Recently, however, the project has taken steps to increase their effectiveness in reaching dislocated workers, primarily through the television and radio spots and newspaper ads. This target group has been under-recruited so far, and increased enrollment of unemployed women may change the program's profile and service strategies in significant ways.

CHARACTERISTICS OF PARTICIPANTS

According to statistics recently made available by the project, StepOut had enrolled nearly 300 participants by the end of December 1993. Most StepOut participants are white (80%), married (44%), between 30 and 45 years old, employed full-time in a defense firm with a layoff foreseen (46%), have a college degree (54%) and earn more than \$2,600 per month.

About one-fourth of project participants enrolled in the Fast Track Seminar; the remainder enrolled in Career Series. In general, the typical Fast Track participant does not appear to differ dramatically from the typical Career Series participant, despite the program's intention to encourage women with "fast track" potential to enroll in the former component.

SERVICES PROVIDED

All potential participants are invited to attend orientation sessions, which are held about once a month and last for two or three hours. These sessions are usually run by a consultant

StepOut

hired by the Career Counseling Center, who explains the curricula in the two components, passes out forms, and signs people up for an intake session. A very high percentage of the women who attend orientation sign up for a one-on-one intake session with a counselor at the Counseling Center (only 6% had not signed up for an intake after orientation in the first year of the program).

At the intake session, each participant works with her assigned counselor to assess her skills, background, career goals, and preferences. A decision is reached jointly about whether the participant will apply for Fast Track or the Career Series. Fast Track applicants are screened for professional potential, and promising candidates are selected for this component.

Those who enroll in Career Series attend a H-session program (with weekly meetings), conducted in the pleasant surroundings of the campus counseling center, where they participate in a fairly standard, but well-run vocational counseling job search training curriculum. Many sessions are held in the evenings and on Saturdays to accommodate women who work. Career Series is run by a high-quality, University-based counseling center, and offers services tailored to the needs of college graduates seeking their first job. We saw little sign that it had been adapted to the particular needs or characteristics of either female or defense workers.

In sharp contrast to the Career Series component, the special needs and experiences of women lie at the heart of the philosophy and curriculum of the Fast Track component. Those who enroll in Fast Track attend about eight sessions for a total of 48 hours spread over a two to four month period. Fast Track Seminars are run very much like seminars for graduate students, complete with lectures, a reading list, research project assignments, guest lecturers and student presentations. In the second Fast Track series, partly in response to student demand, staff introduced some more traditional and practical job search training, such as resume preparation.

Unlike an academic seminar, StepOut also offers a number of “networking” events, usually held in the local Faculty Club, where students can mingle with women business leaders

in an informal, all-woman setting. The purpose of these "CEO Networking" events is ostensibly to allow participants to contact potential employers, mostly members of the Phoenix Leadership 2000 Alumnae Association. Four of these events have already occurred. A number of participants have organized a Planning Committee for these events and plan to distribute brief blurbs on StepOut participants as a way to facilitate better linkages between participants and potential employers. The plan in this grantee's proposal to link participants with "mentors" in the community has not been developed, although the networking sessions appear to have been a strategy to lay the groundwork for such relationships.

In addition to Fast Track and Career Series, a third component called Job Club was planned, attempted, and then dropped as an independent service offering from the program design. The decision to eliminate the five-session standard job search activity was reached when very few women signed up for it and staff felt that the sessions should be integrated into the Career Series component.

PRELIMINARY OUTCOMES

StepOut collects an unusually large amount of data on its participants, due in part to the interests of University researchers in the project, and in part to the nature of the project's goals to affect difficult-to-measure psychological behavior and attitudes (e.g., self-esteem, knowledge of job search tools, and awareness of gender barriers to employment). A rich database including the records of all participants is being developed but is not yet complete enough to report outcomes. Outcomes collected by and of the most interest to the program include measurements of the increase in participants' knowledge of career alternatives, awareness of skills profile and traits employers are looking for in job applicants, knowledge of job search techniques, and self-esteem. In addition, the project seeks to measure gains in leadership skills that are important for promotion.

As mentioned above, the program does not incorporate a strong job placement or job development component despite a formal goal to help participants find rewarding careers.

StepOut

Through exit interviews and several follow-up interviews scheduled at three-month intervals, the program plans to track graduates' employment experiences. Thus, project staff seem confident that by exposing their participants to an awareness of employment barriers to women and by building their self-confidence and self-knowledge, they will be able to increase the likelihood that laid off female defense workers will be able to stay on or join "the fast track," shatter the glass ceiling, and advance in their careers. It will be interesting to observe both the short and longer-term outcomes of this richly documented project to assess the way in which this intervention impacts the behavior of its participants.

SAN DIEGO COUNTY DEFENSE CONVERSION ADJUSTMENT DEMONSTRATION

This project seeks to respond to massive layoffs in the defense contracting sector through a multi-faceted approach that is part of a long-term regional defense conversion and economic development strategy. Involving an active partnership between several organizations, the project consists of the following activities: assessing which skills are in demand through a survey of local manufacturing companies; providing short-term retraining for dislocated workers in skills in demand; providing training in starting high-technology businesses; and conducting "Defense Conversion Roundtables," which bring together executives from defense-dependent companies with leaders from commercial companies, to learn about opportunities for conversion.

PROJECT CONTEXT, PLANNING, AND GOALS

CONTEXT

Fueled by a strong economy with unemployment well below the national average (a low of 3.9% in 1989), San Diego County experienced rapid growth throughout the 1980s. During the 1990s, however, economic growth has slowed and unemployment risen, in part because of the national recession, but also in large part because of cutbacks in the defense sector.

San Diego County is one of the most defense-dependent regions in the United States, with several large military installations and dozens of large and small defense contractors and subcontractors. The livelihood of an estimated one-sixth of San Diego's population is tied directly to defense spending (including military personnel, civilians working for the military or defense contractors, retirees, and dependents). Another one- to two-sixths of San Diegans are indirectly affected as well.

At this time, San Diego is not projected to have large base closings. Where San Diego is experiencing a strong impact from the defense drawdown, however, is in massive cutbacks

San Diego

by defense contractors and subcontractors. At the beginning of the 1990s, San Diego defense firms employed over 70,000 people. From 1991 through 1993, an estimated 16,000 of these workers were laid-off, and this downsizing is projected to continue for several years. Because of the impact of these layoffs on the overall economy of the region, projections are that over 50,000 jobs will be lost in San Diego County between 1989 and 1996.

The layoff of large numbers of defense workers presents a particular challenge to the San Diego community because of the nature of the jobs being lost: defense manufacturing positions pay higher wages than jobs in non-defense manufacturing firms, and much higher than most other sectors of the economy such as service industries. In addition, a large proportion of those being laid-off are highly-skilled workers including engineers, technicians, and managers. Facing a job market flooded with job seekers with similar skills, many of these workers have been unemployed for months or even years, with little hope of finding employment in San Diego in their fields of expertise.

PLANNING

The San Diego community has been working actively on defense conversion efforts for several years. Since 1990, defense conversion issues have been addressed by task forces that have brought together representatives from a broad range of sectors, including state and local government, employment and training agencies, educational institutions, community-based organizations, and private industry. In 1992 San Diego received funds from the California Trade and Commerce Agency and the Department of Defense's Office of Economic Adjustment to develop an economic adjustment program. Conducted by the San Diego Consortium & Private Industry Council, the project included the active involvement of a Work Group of individuals from organizations such as those listed above. When the DCA demonstration RFP was announced, several interested members of this Work Group met. Based on what they were learning through the economic adjustment project, these individuals, representing several San Diego organizations, identified several activities for inclusion in the DCA demonstration

proposal that seemed particularly congruent with the goals of the DCA demonstration and that would further the area's long-term defense conversion strategy.

GOALS AND STRATEGIES

San Diego's proposal for the demonstration listed the following goals:

- (1) Develop the knowledge base needed to identify and provide appropriate readjustment and retraining services to dislocated defense-related workers.
- (2) Demonstrate an effective process for developing local capabilities in skills training for high-technology industries, including entrepreneurship training.
- (3) Provide a reality-based, well-integrated system of technical assistance and early intervention services to at-risk firms and employees.
- (4) Create new high-tech employment opportunities for displaced or at-risk workers, either in new growth industries or through self-employment resulting from commercial application of defense research, products, or technologies.

San Diego proposed a variety of strategies to accomplish these goals, including: (1) conducting a survey of local employers to develop a Human Resources Database that would identify skills in demand; (2) providing training for workers in skills in demand; (3) providing training in starting high-technology businesses; and (4) providing services to firms, including Defense Conversion Roundtables and early intervention services. Because the demonstration proposal was based on a comprehensive long-term economic adjustment strategy and involved several different agencies interested in different aspects of defense conversion, the DCA project goals and objectives were quite sweeping and ambitious. *Not all demonstration goals could be pursued within the constraints of demonstration project funding, particularly during the first 18 months of project operation. In particular, the strategy of providing technical assistance*

and early intervention services to at-risk firms was not pursued during the initial demonstration period. Project planners had not developed a specific plan for these dislocation aversion activities or included them in the project budget, so they were set aside in favor of other activities that had been more thoroughly developed in the planning stage.

PROJECT ORGANIZATION AND COORDINATION

This project brings together four organizations in an active partnership. The **San Diego Consortium & Private Industry Council**, which administers all of the JTPA programs in San Diego County, is the lead partner. Since 1989, the Consortium has served thousands of dislocated defense workers. To assist workers dislocated from defense and other industries, the Consortium had developed a network of "one-stop access" Career Centers across San Diego County that provide basic readjustment and retraining services. The Project Coordinator, Job Developer, and support staff for the DCA demonstration are housed in the largest of these Career Centers.

The second partner, the **CONNECT program of the University of California at San Diego**, uses a wide range of educational and networking activities to pursue its goals, which are "to help high-tech companies in San Diego become more successful, educate service providers to support high-tech industry more knowledgeably, create linkages between the University and local industry and, through these, stimulate local economic development." CONNECT is conducting two activities for the demonstration: a training course for dislocated defense workers in starting high-technology businesses; and Defense Conversion Roundtables, which bring together senior executives from defense firms to learn about opportunities for expanding into commercial high-technology markets.

The **Center for Applied Competitive Technologies (CACT)** at San Diego City College is one of the State of California's eight regional manufacturing centers and a NIST MTC affiliate. The Center provides technical assistance and training services to fulfill their mandate of helping San Diego manufacturing companies modernize and compete more effectively in the

global economy. For the demonstration, CACT developed and is providing training to dislocated defense workers in CATIA (three-dimensional design software) and modern manufacturing skills (such as Total Quality Management and Manufacturing Resource Planning).

The **San Diego Economic Development Corporation (EDC)** is a private non-profit organization that seeks to retain and attract businesses for San Diego County. EDC conducted several activities for the demonstration, including conducting a survey of local businesses and creating a database from the results.

One of the strengths of this demonstration project is the active partnership between the participating organizations. The Consortium is the grantee and oversees the activities conducted by the other partners (who have subcontracts with the Consortium). All of the partners, however, participated in the hiring of the demonstration Project Coordinator, and the whole team meets monthly to review progress toward goals and resolve problems as a team. *This active partnership has led to increased cooperation and coordination of available funds outside of the demonstration.* For example, the partners brought their experience working together on the demonstration to the design of a recently-awarded three-year \$5.7 million grant from the Department of Commerce's Economic Development Agency. This new project includes a variety of activities that will be conducted by the four demonstration partners and several other organizations, including a high technology resource center, a business incubator (at the CACT), a world trade center, a seed capital fund, and a technology alliance council.

DEMONSTRATION-FUNDED ACTIVITIES

The San Diego demonstration involves several major components, each with its own distinct goals and activities. Activities can be categorized as (1) planning activities, (2) services to workers -- directed toward retraining dislocated defense workers, and (3) services to firms -- directed toward helping defense-dependent firms pursue dislocation aversion approaches.

PLANNING ACTIVITIES: ASSESSING SKILLS IN DEMAND

In seeking to design training programs for large numbers of white-collar workers in a rapidly-changing job market, the Consortium has been frustrated by the limitations of traditional methods of developing labor market information. Therefore, one of the goals of the project was to develop and test a "Human Resources Database" as a new tool for determining which skills are, and will be, in demand in the local job market. To accomplish this goal, the Economic Development Corporation (EDC) designed and conducted a survey of local employers. After receiving only 44 responses to an initial mail survey of 1,000 San Diego manufacturing firms, EDC resurveyed a sample of 500 firms by fax, more than doubling the number of responses (110 surveys). Although limited in size, the sample of responding firms was judged to be representative of San Diego County in terms of firm size, industry, and type of business.

The survey provided the project with several useful pieces of information, including hiring projections for 1993 and 1995 and a ranking of skills in demand. Hiring projections indicated that the local economy would remain flat throughout 1993 before beginning a slow expansion during 1994. The skills that employers said they were looking for in new employees were the following, in order of the frequency of response: quality assurance, problem solving, TQM, document control, and material safety. In response to the survey, the CACT developed a course in these five skills for demonstration participants (described in detail below). The survey also asked respondents if they would be interested in hiring an engineer or technician trained through the program, and the demonstration Job Developer followed up with those who expressed interest.

The project compiled the survey results into a Human Resources Database. The project planners had hoped to combine this database with information from two previous surveys into a master "Defense Conversion Database" that would help inform all of the workforce retraining defense conversion activities being conducted in the County. They were not able to combine the databases in the way they had hoped, however, because the three surveys had been conducted at different points in time and lacked enough overlap in the questions that were asked.

The project partners learned a number of lessons through this attempt to develop a more effective method of generating labor market information. They came away from the experience convinced of the value of such a survey for generating useful information, but also more aware of the challenges of designing, administering, and analyzing a survey. For future surveys, they plan to consider contracting with a market research firm.

SERVICES TO WORKERS: RETRAINING DISLOCATED DEFENSE WORKERS

The San Diego demonstration includes three major classroom training components, which are: training in starting a high-technology business, training in CATIA (three-dimensional design software), and training in modern manufacturing skills (including Total Quality Management and Manufacturing Resource Planning). These three activities are targeted toward different groups of defense workers. In addition to these courses, a subset of the CATIA trainees also are receiving instruction in semiconductor manufacturing. All of these retraining services are described below.

The goal of the **High-Technology Entrepreneurial Training Program**, conducted by CONNECT, is to provide training that will lead to the development of high-tech businesses that not only will employ the entrepreneur, but also grow and provide employment for other laid-off defense professionals. The training is made up of four elements: seminars on the "nuts and bolts" of starting a company, student presentations of their proposed companies to a panel of experts, a short internship in a high-technology company, and individual counseling. To assist in the development of all phases of this course, CONNECT brought together an Advisory Panel of San Diego professionals with expertise in high-technology entrepreneurship (including attorneys, accountants, trainers, and successful high-technology entrepreneurs).

CONNECT used several strategies to recruit applicants with a good chance of developing successful businesses, and found that the most effective outreach strategies were prominently placed newspaper articles and personal contacts. Training applicants went through a rigorous screening process. The first step was completing an application form that asked for detailed

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information about proposed business, including: product and technology, marketing, finance, and management. Promising candidates went through personal interviews with CONNECT management, and then the Advisory Panel assisted with the final selections. Nineteen participants were enrolled in this program.

One of the unique aspects of this training course was its ability to link participants with sources of venture capital. CONNECT sponsors an annual event called the Financial Forum, which brings venture capitalists from all over the country to hear high-technology entrepreneurs present their business plans. One of the goals of the training is to help participants prepare to compete for a chance to present at the Financial Forum, or participate in a related event called the Concept Forum (for start-ups seeking less than \$1 million in venture capital).

The second retraining component, **training in CATIA Applications**, was developed in response to requests from local employers and from laid-off engineers (clients of the Career Centers). At the time the project was planned, many San Diego firms were anticipating the need to convert to CATIA, and were asking both for engineers trained in CATIA and also for the development of the capacity to provide ongoing CATIA training at the local level. For the demonstration, the CACT developed and taught an 80-hour CATIA class to 70 design professionals (five separate sections with 15 students each), including engineers, designers, and drafters.

The project recruited participants for the CATIA training from among the thousands of laid-off defense workers who already were clients of the San Diego Career Centers. Interested design professionals completed both a written application and a personal interview, which screened for design experience, computer knowledge, and seriousness of the applicant's job search. After completing the training, participants worked with the demonstration Job Developer to search for jobs. At the time of the initial site visit, this introduction to CATIA did not appear to have made a significant difference in helping participants find jobs, and this training component had a preliminary placement rate of about 40%. Project staff expected this rate to increase over time, and attributed it to several factors, including: (1) the San Diego job market

is extremely tight right now, particularly for engineers, and time-to-re-employment rates for all Career Center clients are steadily rising; (2) advances in other design software packages have reduced the need for San Diego firms to convert to CATIA; and (3) nationally, firms that use CATIA typically hire engineers with at least 1,000 hours of CATIA experience.

At the time of our initial site visit, the project was developing an additional training component in semiconductor manufacturing for ten of the CATIA trainees that had not yet been placed. A local training provider was developing the training in coordination with local firms. The training provider has a performance-based subcontract to provide 120 hours of training and place at least 9 of the trainees before the end of the grant period.

The last retraining component, **training in Manufacturing Technology Skills**, was developed specifically in response to the survey of employers conducted by EDC. This 88-hour course, developed and taught by the CACT, covers a range of skills under the three categories of Total Quality Management, Resource Planning and Process Control, and Leadership for Lean Company Management. Participants for this course are recruited from the pool of Career Center clients. Unlike the CATIA course which targeted engineers and designers, however, for this training the project sought participants representing a broad range of occupations associated with manufacturing. Each of the three course sections (of about 20-25 students each, for a total of 70 participants), will contain students with varying backgrounds. This is done intentionally so that workplace simulations will be more realistic (e.g., problem-solving within cross-functional team). One of the innovative aspects of this training component is that TQM skills are being taught in the context of what all the participants have in common: conducting a job search with a background in defense work.

Whether or not the TQM training will provide that "extra something" that helps participants find employment in a market saturated with job seekers with similar skills remains to be seen. The first section of training was just getting underway at the time of our visit, and information on outcomes is not yet available.

SERVICES TO FIRMS: WORKING WITH DEFENSE DEPENDENT FIRMS

The San Diego project included one dislocation aversion strategy, Defense Conversion Roundtables. This strategy is managed by CONNECT. Its roundtables, held once each quarter, bring together senior-level defense executives to learn about commercial high-technology opportunities. Roundtable topics have included commercial electronics and high-tech communications. Each roundtable features three speakers, who represent a variety of perspectives, such as successful high-technology entrepreneurs, representatives from market research firms, potential clients (such as Bay Area Rapid Transit) who need a particular piece of technology that is not yet on the market, and defense companies that have been successful moving into commercial markets. *The Roundtables have been well-attended and often include lively question-and-answer periods. Participating defense firms have not, however, sought further technical assistance from CONNECT and CACT in pursuing defense conversion activities in the way that was envisioned by the project planners.*

PRELIMINARY OUTCOMES

At the time of our site visit, the CATIA training was the only course that had been completed. As noted above, only about 40% of the CATIA trainees had found jobs at that point. Although these findings are only preliminary, they raise the question of whether short-term skills enhancement training is an effective strategy for dislocated defense workers given the constraints existing in the local labor market, which is saturated with laid-off engineers and technicians.

PROJECT EARN: TITUSVILLE, FLORIDA

Project EARN assists workers dislocated or targeted for layoff from McDonnell Douglas Aerospace East -- Florida Missile Production. Located in the heart of America's space industry, Project EARN was originally designed to provide experienced aerospace workers with basic readjustment services and training so that they could find work at other aerospace or high-technology firms in the area. Facing further declines in local aerospace employment, the project has expanded its emphasis to include training in a variety of occupations to improve participants' re-employment opportunities.

PROJECT CONTEXT, PLANNING, AND GOALS

CONTEXT

In the last several years, cuts in defense spending along with a shrinking NASA budget have adversely impacted Florida's "space coast" economy. The project serves Brevard County and the surrounding area, which is home to a multitude of aerospace and high-technology manufacturing firms that produce equipment for NASA-sponsored programs or for various Department of Defense projects. These "high-tech" aerospace industries account for nearly 90% of the defense dollars spent in Florida. Once the locus of Florida's highly skilled jobs, the region's aerospace industry is now in decline and the number of high-tech jobs is shrinking.

Civilian aerospace jobs are affected as well as defense jobs. In the wake of the Challenger accident, NASA reduced the number of missions flown each year and slowed launch operations. NASA's budget has also been reduced, and aerospace firms that service the shuttle program have laid off workers in recent years. Global competition is also affecting the U.S. space industry; NASA's leadership position in launching commercial satellites is now challenged as private industries turn to the less expensive and more reliable Arian launching vehicles from Europe. With the entire space industry shrinking, few aerospace jobs are available for skilled workers dislocated from defense firms.

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A crucial problem facing those dislocated from defense aerospace is that there are few remaining local industries or employers that are hiring highly skilled workers. The region's economy has been buoyed first by the space industry and, second, by tourism. The tourist industry is characterized by low pay and benefits and seasonal layoffs, leaving former aerospace workers with few appropriate job opportunities. Further, with the slow-down in NASA's operations and the nationwide recession, tourism has suffered as well, leading to unemployment rates in 1992 of between 8% and 9%. Indeed, placement in jobs that provide comparable wages and benefits often requires extensive retraining and relocation.

PLANNING

Project EARN was initiated by McDonnell Douglas human resources staff after the Advanced Cruise Missile Program was canceled and the company faced laying off about 500 workers. The company worked closely with Brevard Community College's Center for Career Development to design a transition program for dislocated aerospace workers. Because they knew that other aerospace firms in the area were facing curtailments and cancellations of defense projects, Brevard Community College and McDonnell Douglas envisioned a consortium in which skilled workers dislocated from a number of participating firms could receive readjustment and retraining services. Although project planners invited other aerospace firms to participate, none joined the consortium. Thus McDonnell Douglas and Brevard Community College became partners in administering and operating Project EARN.

In designing the project, planners relied on optimistic estimates about the health of the aerospace industry. Planners speculated that many skilled production workers could find jobs in other non-defense aerospace firms, such as NASA contractors, by upgrading their skills. Thus, the original design for participant services emphasized basic readjustment with relatively short-term training.

GOALS

Project EARN's primary goal is to find jobs for workers dislocated from McDonnell Douglas. The project was designed to reduce workers' period of unemployment through early intervention and to place dislocated aerospace workers in new jobs at wages close to their layoff wages. Project EARN's specific numerical goals are to retrain and place approximately 75% of enrolled participants at an average wage of \$8 per hour, or at least 75% of participants' prelayoff wage.

These goals were based on two assumptions, each of which later proved to be incorrect. First, to provide workers with services as early as possible, Project EARN would need McDonnell Douglas' cooperation identifying those who would be laid-off well before the event. Although initial layoffs were announced early to permit affected workers to enter a "reassignment pool" for other McDonnell Douglas jobs, subsequent layoffs were announced with only a few days advance notice. The limited notice provides Project EARN staff enough time to recruit individuals, but not enough time to deliver prelayoff services. Second, shorter interventions leading to rapid re-employment depended on an economy in which high-tech jobs were available; this has not been the case. *Thus, among Project EARN's key challenges in attaining project goals is providing more extensive training services to participants who must look to new occupations for re-employment.*

PROJECT ORGANIZATION, FUNDING, AND COORDINATION

ORGANIZATION AND COORDINATION

Project EARN is administered by McDonnell Douglas Aerospace East. The company's Human Resources Administration, Office of Personnel Services and Training helped plan the project and conducts budgetary oversight. In addition, staff from Human Resources schedule benefits briefings for workers who will be laid-off and share personnel information with Project

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EARN staff. The company also contributes in-kind assistance, such as staff time, office space and furnishings, computers and computer software.

The day-to-day operation of the project is subcontracted to Brevard Community College's Center for Career Development. The center is an experienced provider of training and readjustment services for JTPA participants in general, as well as for dislocated aerospace workers. During layoffs in the wake of the Challenger accident, the college provided services to laid-off workers from NASA's shuttle program. Project services are offered at two locations. A Project EARN case manager is stationed at the McDonnell Douglas facility in Titusville for those who live near the company. Most of the case management and readjustment services, however, are offered at Brevard Community College, about 15 miles south of Titusville. Project EARN staff have found that many participants feel uncomfortable returning to the company for services, so all participants have the option of attending workshops and other meetings at the college campus.

OUTREACH AND RECRUITMENT OF WORKERS

Outreach and recruitment are closely linked to layoff activities. During the benefits briefing, just before workers are terminated, Project EARN staff discuss services available through the project and encourage participants to set up appointments on the spot. The firm also shares employee information with Project EARN, so that staff can contact affected workers. The project also publishes a newsletter periodically to keep affected workers up-to-date about future events and to remind former employees about available services. One indicator of Project EARN's success recruiting participants is that, as of December 1993, nearly 90% of those who attended orientation enrolled in the program.

Initially, a unique aspect of Project EARN's design was its capacity for early intervention. Because the project is administered by the company laying off workers, the project planned on company cooperation to identify affected workers. This expectation, however, turned out to not be true. Project EARN staff learn the identity of workers affected shortly

before workers' benefits briefing -- held just a few days before workers are terminated. This is largely because management believes notifying workers too early will disrupt their work performance.

CHARACTERISTICS OF PARTICIPANTS

The background, skills, and experiences of participants vary. Participants come from throughout the McDonnell Douglas facility. They include managers and professionals, technical and skilled workers, administrative and clerical workers, and unskilled laborers. Most participants have from eight to 12 years of work experience in aerospace. Although participants have worked in jobs classified as high-tech, the actual job skills are often surprisingly limited. For instance, workers on the shop floor may spend days braiding wire into "harnesses," others may simply bore holes into fabricated metal. In many instances, workers have performed the same limited work for many years. Most workers are between 30 and 55 years old, and span the spectrum from those without high school diplomas who have difficulty reading to those holding advanced degrees; a high school diploma is the typical educational level attained by affected workers. The wage of a typical laid off shopfloor worker was between \$11 and \$12 per hour. The average hourly rate of affected managers and supervisors over the same period was \$17.91 per hour.

SERVICES PROVIDED

All participants who enroll in Project EARN receive a package of **core services**, lasting approximately 20 hours. These include assessment and a basic readjustment workshop. After the orientation session, workers set up individual intake sessions with Project EARN case managers. During these sessions, workers discuss their job histories and experience, skills, education, and goals for re-employment. A preliminary re-employment plan is started and will be fine-tuned after participants complete assessments and the transitional training workshop.

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Project EARN uses a number of instruments during assessments. Any participant with less than a two-year associate degree must take the TABE. Those testing below the eighth grade are referred to Brevard Community College's Student Services for more extensive testing. In addition, all Project EARN clients are required to participate in Career Discovery, an assessment program consisting of three instruments: CAPS, Strong Interest Inventory, and Myers-Briggs Personality Type Indicator. In addition, individuals are given APTICOM testing, upon recommendation of their Case Manager, to further clarify job aptitudes and career interests. These results can be tabulated in the school's vocational assessment program, which analyzes transferable skills.

The core basic readjustment services are delivered through a three-day workshop. Offered about once a month, the workshop emphasizes transitional training, including career decision-making, employability skills training, resume writing and interviewing skills, and job placement assistance. During the workshop, participants take the Strong Campbell Interest Inventory, the Myers-Briggs Personality Type Indicator, and sometimes the Career Ability Placement Survey (CAPS) to inform their career decisions.

Other readjustment services are available through Project EARN's ongoing Job Club. These meetings were originally designed to provide participants with important information about coping with layoffs. Programs featured guest speakers presenting on topics such as self esteem and losing one's job, surviving the layoff with a sense of humor, consumer credit, and advanced interviewing techniques. Unfortunately, Job Club attendance has been low.

Counseling services are available to participants through either the community college student services (for those enrolled in training) or through McDonnell Douglas' own personnel counselor. Returning to the layoff facility to receive counseling from someone who is currently employed at the firm, however, has turned out to be too emotionally difficult for many former workers. Further, the project has not provided any assistance for child care or transportation needed by some participants to allow them to receive counseling. Project planners did not include a line item in the budget for supportive services, partly because they assumed

participants would be placed in relatively short time. *Project staff said that if they could plan the project again, they would include resources for supportive services.*

An emerging issue for Project EARN is the need to provide more extensive retraining to participants. Project EARN's original design for retraining emphasized coursework of relatively short duration, since it was assumed that most participants could find similar work at other aerospace firms. With few jobs available in high-tech industries where participants can transfer their skills, Project EARN is experiencing a greater demand for training than planners expected. Further, more participants need extensive training to acquire new skills. The project is dedicated to providing at least some training to all who need it. As a result, the amount of project resources available to pay for the training has averaged \$500. Most participants attend Brevard Community College courses, which are relatively inexpensive. Nevertheless, the amount available for retraining provides only a portion of the cost of training for those who need more extensive coursework to become more employable.

PRELIMINARY OUTCOMES

Project staff are committed to discovering how well the early intervention/recruitment design works. Detailed information about participant characteristics and program activities is collected to track participation patterns. In addition, an external evaluator is conducting an implementation study and preliminary impact study on Project EARN participants. Data obtained through the project will be used to examine the strengths and weaknesses of the approach, and ultimately improve the design of services for other workers dislocated from aerospace companies. Project staff supplement the data with surveys of "customers" to learn about the level of satisfaction with the services provided.

Project EARN is serving more participants than originally projected. As of December 31, 1993, Project EARN had enrolled 281 participants, or nearly 27% more than project staff planned for. Nearly all participants who enrolled in Project EARN received the core services,

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which include assessment and the three-day transition workshop. Almost half of the participants have received or are currently receiving instruction through classroom training.

Placing participants is Project EARN's greatest challenge. By the end of December 1993, the project had placed only 82 participants. This is 40% fewer than staff projected, and yields a placement rate of under 30%. The key problem noted by Project EARN's external evaluation consultant was that the original placement goal was too ambitious: it assumed that local unemployment over the period would drop when it actually climbed. In the current economy, workers are being dislocated from both high-technology and tourist industries and there are few job openings. Without a substantial and quick turnaround in the economy, Project EARN is likely to fall far short of reaching its placement goals.

Although few people are being placed, those who do find employment tend to receive wages at or near the project's specified wage goals. Project staff set an average placement goal of \$8 per hour. As of November 31, 1993 and the average placement wage for non-supervisors/managers was \$8.63 for union members and \$9.36 for non-union members. For managers and supervisors the average placement wage was \$15.30, or 85% of the average layoff wage. The lowest placement wage was \$5 per hour, indicating the severe shortage of high paying jobs in the area. Project staff recognize that more participants may have to either relocate or accept wages well below their prelayoff wages.

CENTER FOR COMMERCIAL COMPETITIVENESS: BINGHAMTON, NEW YORK

Supported by a consortium of public agencies, private industry, and academia, the Center for Commercial Competitiveness (C3) demonstration serves the Southern Tier region of New York State. The project has the dual goals of invigorating the regional economy while helping dislocated professional and technical workers obtain employment by working as team members on projects of interest to area companies. The demonstration emphasizes classroom training in high performance workplace skills, team building, commercial competitiveness, entrepreneurial skills, and new manufacturing processes. Participants -- highly screened for an "entrepreneurial spirit" -- work together as teams to prepare to help companies develop new markets for products, design or refine products to meet customers' needs, or solve manufacturing or marketing problems. By using participants' skills to help companies address specific problems or prospects, the C3 approach is intended to serve as an economic development tool for the entire region.

PROJECT CONTEXT, PLANNING, AND GOALS

CONTEXT

The Southern Tier region of New York, encompassing nine counties and home to a number of large multinational corporations and defense contractors, has been hard hit by several changes including corporate restructuring, a recession, and defense downsizing. Since 1980, the area lost 19,200 manufacturing jobs in both defense and non-defense industries.

The Southern Tier region has the nation's tenth highest concentration of manufacturing industries that are dependent on defense. The Department of Defense is an important customer for many large and small manufacturing firms that produce missiles, helicopters, jets, and spacecraft. In 1990, prime contracts for defense supported 16,259 jobs in the region. Between 1989 and 1991, contract dollars for the region's defense firms dropped over 41%. Responding to the combined recession and decline in defense spending, some firms have laid off over half of their workforce. For example, IBM, one of the region's largest employers, cut employee

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rolls from 14,500 to 7,700, and General Electric's Aerospace Division went from 3,000 to 1,000 employees after Martin Marietta took over. More layoffs are projected as reorganized firms continue to trim their payrolls, close down, or relocate.

PLANNING

Planners in government and industry felt that the combined forces working against economic recovery and stability were too powerful to confront without a coordinated effort. The Center for Commercial Competitiveness (C3) was developed as a consortium of private and public organizations to address threats to the regional economy, including: (1) shrinking markets for established products; (2) cuts in spending on defense; (3) intense competition for new products; and (4) displacement of workers. General Electric and two county-level economic development organizations envisioned the consortium as a tool for channeling public and private funds for workforce training to support diversification and conversion by area firms.

Binghamton University was selected to house C3 and to lead the demonstration effort because of the University's experience working with both public agencies and private corporations: the University's Small Business Development Center provides technical assistance for businesses; the Alliance for Manufacturing Competitiveness provides manufacturing firms with training programs for employees; and the Partnership 2000 program aims at involving business leaders in economic development. In addition to the University's reputation in the world of business and industry, it was considered a neutral organization that could encourage participation by firms that in other circumstances might assume a competitive posture. The concepts used to build the C3 organization and to design the approach and curricula for entrepreneurial training were the result of the combined efforts of businesses, state and local economic development and employment and training agencies, and university specialists in business management, making C3 a true collaborative effort.

GOALS

The C3 demonstration has three goals, each interlinking the needs of dislocated workers, firms, and the regional economy. The first goal is to assist dislocated workers in creating new job opportunities by creating projects and products for local enterprises. The second goal is to foster regional knowledge of new and emerging business relationships and practices (e.g., agile manufacturing). The final goal is to nurture both new and developing companies in the Southern Tier region. The demonstration's key goal -- employing dislocated defense workers -- is attained through classroom training in corporate culture, self-directed teamwork, commercial competitiveness and new manufacturing processes, as well as through participation in self-directed project teams to assist companies to develop or improve products, markets, or business strategies; start their own enterprises; or form "virtual company" arrangements.

The C3 project has a long-term perspective and three distinct phases. Demonstration funds support the first phase of **Team Building**, which provides classroom training to dislocated workers and encourages them to form teams to pursue commercial ventures. The second phase, **Synergistic Enterprises**, seeks to encourage the formation of joint ventures among local businesses. The third phase, **Virtual Companies**, aims to help firms collaborate in the creation of highly competitive and agile business arrangements that employ advanced technologies to pursue global markets. These latter two phases will not be funded under the demonstration, and the discussion which follows concentrates on the first phase alone.

PROJECT ORGANIZATION, FUNDING, AND COORDINATION

ORGANIZATION AND COORDINATION

Although the project's organization is administratively rather straightforward, program planning and operations are more complex, combining the capacities and talents of public institutions and private enterprises. Binghamton University, a campus of the State University of New York system, is the formal demonstration grantee, responsible for financial and

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contractual administration and project oversight. The day-to-day operations of the project are managed by the Council on Commercial Competitiveness (C3), a non-profit organization developed specifically to address the region's economic issues and currently housed on campus. The Council delivers all project services and training.

C3 staff receive guidance from two groups on implementing demonstration programs and developing longer-term policies. The C3 Board of Directors is the primary policy-making body of the organization and has representatives from industry, local and state government, universities, and quasi-public economic development organizations. In addition to developing broad economic development policy, the Board reviews the results of training and may ultimately determine the long-term viability of C3's approach in addressing economic issues. The C3 Council has representatives from many of the same organizations that are represented on the Board of Directors; however, the Council's main purpose is to advise C3 staff about specific issues or problems. These two bodies have been indispensable, serving as forums for public and private organizations to participate in economic development policy in general and assist the demonstration project.

Among the benefits of C3's well-coordinated effort is additional funding from both public and private sources. To supplement the DCA demonstration grant C3 received support from New York State's Department of Economic Development totaling \$112,000. The state's Department of Labor contributed \$100,000 in EDWAA (Governor's Reserve) funds in addition to the in-kind assistance state staff provided during the process to select participants. Local industries have contributed resources as well, and in-kind contributions have totalled approximately \$200,000. However, this is far below the \$1.6 million that C3 planners had projected industry would contribute. The gap largely results from changes in project plans. Most significantly, the project originally expected to receive approximately \$1.3 million from employers in cash and in-kind contributions associated with the training of their current employees. This component of the project was later abandoned and these contributions never occurred.

TARGETING FIRMS AND WORKERS

FIRMS

From its inception, the C3 demonstration planned for active participation by defense-dependent firms. A number of large defense contractors, including General Electric Aerospace Division and IBM Federal Systems, were active in planning and designing the demonstration and are represented on the C3 policy board and the C3 operating council.

The project was originally designed to serve both defense-dependent firms and dislocated workers by enrolling equal numbers of employed and dislocated workers on project teams sponsored by the participating corporations. These plans were disrupted when GE Aerospace -- one of the project's most active supporters -- was sold to Martin Marietta and had to scale back its participation in the project; at the same time, other defense firms were hit by substantial layoffs, which made them more reluctant to participate in the demonstration. In addition, after DOL objected to enrolling employed workers not specifically at risk of dislocation, the project was redesigned to enroll only dislocated workers.

However, local employers are still essential to the realization of project goals, and are expected to benefit from active involvement. Firms currently participate in two demonstration activities: (1) projects or strategic alliances in which an existing firm partners with a team of demonstration participants to develop a product, conduct research on it, and analyze its market potential; and (2) participant-led assessments of the core competencies of interested firms. These activities will be discussed further below.

Initially, the project targeted defense-dependent firms for these activities. Outreach included newsletters, press releases, targeted mailings, marketing brochures, and public presentations at regional industry, professional, and service organizations. Over time the project has broadened its outreach to include all interested firms. Participant-led recruitment efforts

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have been particularly effective, and have included networking by the companies represented by the C3 Board and C3 Council.

Of the 12 companies that were actively participating in C3 activities at the time of the site visit, two were large defense contractors, three were medium-sized subcontractors or suppliers with substantial defense-related sales, five were medium-sized firms with no defense sales, one was a public utility, and one was a small company with no defense sales. At this early point in the demonstration, 11 firms had sponsored or were participating in projects, and one firm had received a core competency assessment.

WORKERS

For the individuals targeted for participation on C3 project teams, the demonstration was interested in recruiting workers dislocated from defense-related industries who had backgrounds as engineers, program managers, or production managers. More importantly, the project wanted to screen applicants to select participants with creativity, tenacity, entrepreneurial spirit, team orientation, and goal orientation.

To reach individuals with the appropriate skills and personal qualities, C3 staff conducted an extensive media campaign that included paid advertisements, public service announcements, and press releases; offered presentations at rapid response orientations and job clubs for dislocated workers; informed Job Service and EDWAA counselors about the program and asked them to refer appropriate clients; and sent mailings to professional and technical societies.

To screen for the desired characteristics, applicants were asked to complete an application form that asked them to describe their creativity, entrepreneurial spirit, and leadership qualities and asked them to describe an accomplishment or experience that illustrated their working style. This application served in part as a self-screening device, as well as provided information that helped the screening committee to assess applicants' qualities. A screening committee of six members rated the written applications and conducted personal interviews with selected

applicants. Of 102 completed applications, 73 were interviewed, 65 were invited to participate in the program, and 55 accepted.

While the project staff are quite pleased with the smoothness of the recruitment process, they would change screening practices in the future to increase the diversity of work experience among project participants (e.g., by enrolling more individuals with financial, business, and marketing experience). In addition, they would conduct a more careful screening of applicants' financial status to see if they could afford to participate in a long-term program. Further, they would apply even more rigorous screening to ensure very high motivational levels among participants and to identify individuals who were actively seeking to start businesses.

CHARACTERISTICS OF PARTICIPANTS

The 55 dislocated workers who accepted the invitations to the program were nearly all professionals with backgrounds in engineering or management. Only three or four dislocated workers with backgrounds as technicians or clerical workers were accepted. The vast majority were white males with college degrees, and 26% held advanced degrees as well. Participants tended to be older and had many years of experience, with 32% over 55 years of age. Thirty percent identified themselves as retired, and 25% said they had taken early retirement, but in many instances retirement had been forced upon these older workers by companies seeking to reduce costs.

SERVICES PROVIDED

SERVICES TO FIRMS

Firms participate in the project in two ways: (1) as business partners with teams of demonstration participants, and (2) as recipients of core competency assessments conducted by participant teams.

Firms that become partners with participant teams may do so on their own initiative, or on the initiative of the teams themselves. These industry partners receive the services of a C3 work team to assist in the development of a product idea and/or to develop a market analysis for an existing product. Examples of projects include a project to market and manufacture a method for pinning segments of a geodesic dome structure for a manufacturer with no defense sales, and a project to develop and market a "low-end medical imaging system" for a large defense contractor. *However, there is no guarantee that the work performed by the project team will be satisfactory to the sponsoring firm or will lead to an ongoing partnership.*

As recipients of an assessment of core competencies, firms are assisted in identifying their strengths in the marketplace. The purposes of these assessments are to assist firms to focus on their own strengths and develop joint ventures with other companies to complement and enhance the qualities needed to adapt to market demands. Core competencies assessments are provided to firms by one C3 team that has been trained in providing this service. To perform core competencies, C3 participants gather information about the firm, meet several times with company officials, tour the plant, and meet with production workers. Conclusions are summarized on a matrix of core skills and competencies and discussed with company officials.

SERVICES TO WORKERS

The C3 services to project participants are divided into two phases: formal classroom training followed by active participation on one or more project teams. Formal classroom training is intended to prepare participants for work as an active member of one or more self-directed project teams. Formal instruction occurs during the first ten weeks of project participation and is based on five different course curricula, constituting a "mini-MBA" program totaling 300 hours of classroom participation. Courses include: high performance workplace skills training, team building, business process development, commercial competitiveness, and systems and manufacturing. *Course content does not emphasize training for start-up businesses in the areas of finance, business plan development, and marketing, even though many of the*

teams are attempting to become businesses. These subjects may be addressed, however, on a project-by-project basis after training is completed.

Following the formal training, participants form self-directed work teams of two to ten members each. Before selecting which project teams they want to join, participants complete a skills inventory and identify their individual "core competencies"-- skills and talents that can be applied to a new activity. The information from this self-exploration exercise is used to help participants pick the projects that will best suit their talents and interests. Joint committees of project staff and participants are also formed to oversee team and overall project operations.

The work teams are the vehicle for practicing high-performance workplace skills as well as the process by which participants are intended to develop viable new business enterprises or joint ventures that will lead to job creation or re-employment. To be accepted as a C3 project, a project proposal must be approved by the evaluation team (composed of staff and participants). Industry-sponsored projects, which are in essence contracts, must be cleared by the C3 Board. Of the 18 projects begun at the time of the first site visit, 11 were industry-initiated and the remainder were initiated by C3. Once project teams were formed, the C3 staff try to let the group process drive the team activities, with as little intervention from C3 staff as possible. In practice, C3 staff find that participants need more "hand-holding" than originally anticipated.

The outcome the project hopes to achieve is for each project team to develop jobs for its members by identifying new products or new markets that they can pursue through (a) a small business start-up, (b) a partnership with another company, or (c) being hired by the company that initiated the project. C3 selects projects which maximize the employment prospects of participants, but as mentioned above, there is no guarantee that companies will hire the C3 team members who initiated a project.

Although the project tried to screen applicants to ensure that they would have some means of financial support during project participation, supportive services and financial support have also been provided to participants after they have exhausted their other means of support.

Center for Commercial Competitiveness

Using demonstration budget funds, the project has reimbursed participants for project-related travel. Additionally, \$55,000 in corporate contributions have been used for emergency stipends for those most in need. Participants decided to use these funds for bi-weekly payments at the same level as UI benefits for participants whose UI had expired and who had household income below \$20,000. Without these payments, a number of participants would have been forced to drop out of the program before the completion of their projects.

THE MILCERT PROJECT: A WORKER MOBILITY PROJECT IN CLEMSON, SOUTH CAROLINA

The Military Certification Project, or MilCert, is a statewide project that recruits separated military personnel to prepare them for second careers as primary or secondary school teachers in "critical need" subjects in South Carolina's schools. Operated by Clemson University's College of Education, MilCert targets both commissioned and non-commissioned officers. Project activities include counseling applicants about the prerequisites for entering teacher training at Clemson, assisting with the application process and tracking participants during training. Training is received as part of the regular teacher certification program operated by the College of Education. At the conclusion of training the project will assist participants to locate one-year paid internships at schools throughout the state.

PROJECT CONTEXT, PLANNING, AND GOALS

CONTEXT

Like most states, South Carolina is experiencing teacher shortages in a number of subjects, including: Special Education (K through 12); Biological, Earth, and Physical Sciences; French, German, and Spanish; Mathematics; and Industrial Technology. In 1992, for example, South Carolina needed over 3,000 certified teachers to fill these critical areas. Another important need in South Carolina is for minority teachers, especially African-American males, to serve as role models for minority students. It was hoped that MilCert would succeed in attracting talented African-American servicemen, who already have experience as role models for young adults, to teaching careers in South Carolina.

While education officials throughout the state were concerned about recruiting teachers in critical subjects, state and local officials were addressing the impact of the military downsizing in South Carolina. The bulk of the state's military population is found on four installations around the state: Shaw Air Force Base, Charleston Naval Base, Fort Jackson, and Charleston Air Force Base and two Marine installations in the Beaufort area. Estimates provided

MilCert

by the Department of Defense projected that the state, comprising about 1% of the nation's population, would bear approximately 2% of the national military dislocation through 1997. All told, South Carolina was preparing for the release of about 26,000 service members.

PLANNING

The MilCert project was initiated, designed, and implemented at Clemson University's College of Education. The concept was developed by a faculty member who traveled to nearby Shaw Air Force Base to provide extension credits in teacher education to military personnel. During these visits, the course instructor discovered that non-commissioned officers spent much of their time instructing young enlisted men and women and counseling them about life and work skills. These skills are highly valued in primary and secondary educators. It takes teachers years to develop and refine these skills, yet here was a pool of men and women who had already mastered them. Thus developed the concept of matching departing service personnel with jobs teaching in critical areas.

For project planners, the first challenge was to sell university administrators and several other important groups on the concept of turning service members into teachers. In designing the project, MilCert planners obtained the backing of the university as well as support from the South Carolina Governor's Office, South Carolina Employment Security Commission, South Carolina Commission on Higher Education, South Carolina Department of Education, several regional technical colleges, and the state's defense installations. The MilCert project ran into few objections primarily because planners avoided two of the most contentious issues of training teachers: an oversupply of teachers in some areas and the displacement of currently employed teachers. This project emphasized targeting only subject specialties for which there is a shortage of certified teachers.

GOALS

The MilCert project has three primary goals. The first goal is to provide South Carolina schools with well qualified teachers in critical need areas. The second goal is to give separating military personnel a new career track. By providing exiting service members with jobs in teaching, MilCert is attempting to alleviate the two problems simultaneously. Since many former service members have experience instructing young adults and providing personal guidance, MilCert planners believe that teaching is a natural career match for this target population. Further, project staff see MilCert as an opportunity to recruit talented African-American men to serve as role models for minority youth in South Carolina's schools.

The third goal of the MilCert project is to disseminate its model for "troops to teachers" to other land grant universities. In addition, MilCert staff believe that their experience recruiting separated military personnel could lead to efforts to recruit fresh teaching talent from additional target populations such as civilian dislocated workers.

PROJECT ORGANIZATION AND COORDINATION

ORGANIZATION AND COORDINATION

The MilCert project is operated by the College of Education at Clemson University. A faculty member from the Department of Education serves as principal investigator and oversees the project. A key staff of three, including the project administrator, runs the day-to-day activities out of the MilCert office, also located at the university's College of Education. Staff's activities are coordinated with those of the Office of Admissions, which has a demonstration-funded employee assigned to review MilCert applicants' educational backgrounds and general readiness for enrollment at the university.

MilCert is also establishing collaborative linkages with other local and state-wide teaching institutions, such as the technical college system of South Carolina. The purpose of these linkages with "adjunct institutions" is to provide participants who do not yet qualify for admission to Clemson's teacher training program (e.g. because they lack junior standing in their major subject) the opportunity to take courses that will transfer with them when they enroll at the University.

The MilCert project is also investigating the potential for coordination with the Federal "Troops to Teachers" program, which offers separating service personnel a partial tuition subsidy for teacher certification training after they are admitted to an educational institution.

OUTREACH AND RECRUITMENT OF EXITING SERVICE MEMBERS

MilCert's selection criteria were designed to enroll those who (1) have been on active duty since September 30, 1990; (2) can demonstrate interest and aptitude for teaching; (3) possess enough transferable coursework to achieve the junior year status at Clemson; or (4) possess a BA/BS or MS degree.

Outreach and recruitment are among the key activities provided by MilCert staff. MilCert originally targeted service members who were separating from South Carolina military installations, but this strategy changed soon after the project was implemented. MilCert staff attempted to recruit participants directly from military installations by making presentations about teacher training or by participating in job fairs and career information activities. These early attempts, however, netted few interested or qualified candidates.

Eventually, MilCert staff adopted the more successful strategy of advertising the MilCert Project in military newspapers. Using this broader approach, the applicant pool increased significantly, and by December 1993, MilCert had received inquiries from over 400 service

members from around the country and the world. Noting this response, MilCert staff abandoned the notion of recruiting solely from within South Carolina.

Recruitment continues to be a challenge for MilCert. Although MilCert has tapped into a large applicant pool, current enrollment is still far below the 75 participants planners originally expected to enroll. At the end of the fourth quarter of 1993, MilCert had enrolled only nine participants. The logistics of outreach and recruitment continues to consume most of MilCert's staff time and energy. Among the lessons they are learning:

- No two applicants are alike. Some have M.A. degrees and experience teaching while others have not completed general education prerequisites for their B.A. or B.S. degrees. The great range of qualifications and experience requires staff to individualize their outreach efforts, increasing the length of time between first contact and the applicant's commitment to the program.
- Many of the courses applicants have taken while in the service are not transferable to Clemson University. This means that even those with significant experience and training may find the duration of their programs extended because they must take more courses.
- Service men and women are taking longer to commit to enrolling in MilCert. Staff found that the decision often involves relocating an entire family and expending much of a person's financial resources to attend Clemson. Project staff estimate that the decision to attend is typically made three or four months after the first contact.
- A number of the inquiries the project is receiving are from individuals who will not leave the military service for another 12 months or more. While this substantial lead time is

helpful in preparing applicants for a smooth transition, it is delaying even longer the projects own timeline for graduating trained teachers.

CHARACTERISTICS OF PARTICIPANTS

During our site visit to Clemson in December 1993, four participants were enrolled full-time: three males and one female; two former officers and two former enlisted persons; and two with college degrees and the other two with earned college credits before or during their military service. None were members of a minority group. Participants' ages ranged from approximately 30 to 50 years, and their time in service was between 8 and 20 years. Among the unique aspects of Clemson's teachers training program is that it will admit students who have not yet completed their bachelor's degrees as long as they have at least junior class standing. Indeed, two of the participants who were enrolled in the autumn of 1993 were enlisted service members completing their degrees. MilCert staff are disappointed that few minority service members have expressed an interest in the project.

SERVICES PROVIDED

Prior to enrolling at Clemson, applicants may receive extensive counseling from MilCert staff about University entry requirements as well as detailed assessments of the number of course credits they can expect to transfer from their previous educational programs. After applicants decide to apply to the program, MilCert staff provide assistance in preparation of applications. Once applicants are accepted, MilCert staff are available to provide assistance with relocating to Clemson and to advise about student services, course enrollment, and scheduling.

Once enrollees have entered the teachers training program, the primary service provided to them is arranging for training to achieve a subject-area teaching certification. Project planners originally proposed to hire three full-time faculty members to build the College's capacity to

serve the greater number of students that were expected to enroll from MilCert. The demonstration budget called for educators with doctor's degrees to be hired to teach in the general education, math, and science areas. MilCert has hired two faculty for the math and sciences specialty areas, but partly because enrollment in MilCert was lower than expected, staff delayed hiring the third faculty member until later in 1994.

MilCert participants follow the course curricula designed for all teacher training students enrolled in the College of Education at Clemson University. Participants select the area of teaching they wish to pursue (Special Education, Science, Math, Modern Language, or Industrial Technology). The course sequence and duration of training varies for participants based on their previous educational backgrounds, which course credits have been accepted by Clemson University, and their decisions about how many courses they wish to take each semester. Students, however, must complete the general course requirements for professional educators as well as the specific requirements of their chosen specialty areas.

The project has not developed any group services specifically for MilCert participants (e.g. peer support groups or readjustment supports) and does not have any coordinated procedures for reviewing participants' financial or support-service needs.

As more service members relocate to the Clemson area, one of MilCert's challenges will be to strengthen linkages with local human service agencies. Most MilCert participants have spent their entire working careers in the military. When they leave, many bring their family members with them as they adjust to civilian and university life. The adjustment can be jarring. MilCert staff, who have strong military backgrounds, have had to "learn as they go" when it comes to obtaining assistance for relocating families. These families may need help finding and paying for housing and child care, securing part-time jobs, applying for UI or Food Stamps, and obtaining family counseling. Although the university has some services that can be of assistance to students, these services are not particularly geared to the needs of mature students with families or to the adjustment from military to civilian life.

One aspect of teacher training unique to the MilCert project is the teaching internship. The paid internship is an alternative to the unpaid student teaching assignments that occur during the school year. The internship is a full-time, paid position in a South Carolina school. The advantage of the internship is that it allows participants who have experience as leaders and instructors the opportunity to apply their skills as paid teachers receiving supervision and guidance from experienced teachers. After completing the internships, participants receive their teaching certifications, and it is hoped that they will continue to teach at the schools where they completed their internships.

A growing challenge for the MilCert project is that applicants' planned duration of training is longer than planners projected. Originally, MilCert planners anticipated that a typical MilCert participant would have at least junior level standing in college and hopefully complete both coursework and the internship in two years. Some applicants, however, do not have as many transferable credits as MilCert staff would like them to have; in fact, some lack the general education courses needed to fulfill the university's degree requirements. Yet, MilCert will enroll participants who have fewer transferable credits than originally indicated in the plan (e.g. through the adjunct education program at the local technical college), even though they may not complete the program before the end of the demonstration.

Another key challenge for MilCert is finding ways to offset training expenses. Although demonstration funds are used to offset the increased costs to the university of providing instruction to MilCert participants, participants are responsible for paying all their own expenses, including tuition, books, and other fees associated with attending Clemson University. Further, of those who did not claim residency in South Carolina while on active duty, only military retirees are granted residency and pay the lower costs for in-state tuition. Others who relocate to South Carolina must pay much higher rates for out-of-state tuition. Thus, the costs of attending Clemson University for several years are themselves barriers to those who may desire to teach. While the demonstration refers applicants to the financial aid office, it has no provision for assisting with living expenses.

PRELIMINARY OUTCOMES

MilCert staff maintain extensive data about each participant as well as about those who inquire about the project. MilCert staff report outcomes not only for those who are enrolled and complete training, but also for those to whom the project provides career guidance and other counseling and referrals. Because all project participants are still undergoing training, it is too early to report outcome information for training participants.

As it turns out, some incoming participants will probably not complete their programs during the demonstration period. Many are taking a long time to commit to the program, and MilCert staff plan to continue enrolling these participants. *One of the key questions MilCert must address is how to track and measure outcomes for those who are enrolled as demonstration participants but who do not complete services until after the demonstration has ended.* With participants taking longer to complete their programs, many will not see placement until 1996 or later. MilCert's designers plan to seek funding from other sources to continue the project and would like to have it become institutionalized as a permanent program.

CHAPTER IV

**STRATEGIES TO PLAN
FOR CLOSURES**

PART A

THE IMPLEMENTATION EXPERIENCE FOR COMMUNITY PLANNING PROJECTS

INTRODUCTION

Two projects applied for and received funding under the community planning category in the first round of DCA funding allocations. They are:

- The Castle Air Force Base Closure Community Planning Project (hereafter referred to as the Merced Project), a project administered by the Merced County Department of Economic and Strategic Development; and
- The Philadelphia Naval Base and Shipyard Community Planning Project (hereafter referred to as the Philadelphia Project), administered by the Pennsylvania Department of Labor and Industry.

In addition to the two projects listed above, a third project that was funded under the worker mobility category included a strategy that best fits the community planning approach. The San Diego Defense Conversion Project funded an effort to survey local manufacturers to assess the impact of defense downsizing at the firm level, and to collect information from firms about their expected demand for workers with certain skills. This strategy will be discussed where relevant in this chapter.

These projects are radically different in nearly every aspect, including their goals, their funding levels, their organizational profiles, and their experiences during the first 18 months of operation. Indeed, it is difficult to discover *any* similarities at all among them, other than the fact that two were responding to a pending base closure. Furthermore, the two community planning projects both seemed to have evolved over the course of the demonstration period into

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projects resembling one of the other primary approaches being tested in the demonstration. The smaller project included plans and strategies that are best characterized as dislocation aversion strategies, while the larger project planned and delivered services that are difficult to distinguish from the worker mobility approach.

Due to the significant differences in the scope and character of the two community planning projects, this chapter is organized somewhat differently than the two previous chapters that focus on the dislocation aversion and the worker mobility approaches in the demonstration. In those chapters, we analyzed patterns and variations across projects testing similar strategies by comparing and contrasting the projects' economic and organizational contexts, goals, targeting, or recruitment strategies and services. From the analysis of the practices we observed in each of these topics, a number of categories or groups emerged into which projects tended to fall. Such categorization and comparison would be inappropriate at best for the two community planning projects.¹ Instead, we rely more on "within-grantee" analysis to identify the major challenges faced by these grantees, and strategies they used to meet these challenges.

The chapter is organized into the following sections. In the first section, we describe the contexts of the two projects -- the events or conditions that the communities are responding to. In the second section the experiences of the projects are analyzed in the context of three key goals that a community planning response typically, or even ideally, pursues. In the third section we examine the differences in the organizational characteristics of the two projects, and suggest ways in which these features influenced implementation processes. Unlike the last two chapters, examples from the two projects are integrated into the text rather than placed in boxes.

¹ Three community planning projects received funding in the second round of funding allocations in the demonstration. These three projects are more similar to each other and bear similarities with the two Round 1 projects as well. Thus, for the next report, a comparative method will be more useful as a tool for understanding and evaluating differences in the experiences of the projects, and identifying factors that can explain successes or failures in implementing plans.

THE CONTEXT FOR COMMUNITY PLANNING

The precipitating event for a community-level planning response is generally an impending base or facility closure or drawdown, or mass dislocation in an area unusually dependent on the defense industry. As described in Chapter 1 of this report, the initial dislocation caused by a facility closure can have devastating effects on surrounding businesses, limiting the re-employment prospects of those who lose their jobs during the closedown, causing new dislocations, and exacerbating existing strains on a local labor market.

However, the potential impacts of a closure or drawdown cannot be measured solely in terms of the numbers of jobs lost. The impact must also be understood in the context in which it is occurring. Is the local economy already stressed, with chronically high unemployment rates and little growth? Or is the local economy growing? Another important part of the context is the extent to which community actors have already begun responding to the closure, and the level of cohesion that exists between affected or influential organizations. Communities that are facing the loss of countless jobs and revenues from a base closing sometimes mobilize and plan for years before the event. Community planning activities, including those planned by the DCA community planning projects, must search for a way to complement or enhance existing planning activities. Rarely do they have the responsibility (or luxury) of "starting from scratch."

The contexts of the two DCA projects funded under the community planning approach offer a true study of contrasts in this regard. The third project in the demonstration that includes a "community planning strategy" in its overall worker mobility approach, represents yet another sharply contrasting context.

THE PHILADELPHIA PROJECT

The Philadelphia Naval Base and Shipyard (PNSY) is one of the largest Naval facilities to be closed in the country. The closure, scheduled to be complete by the end of 1996, will result in the direct elimination of an estimated 12,000 jobs, and another 36,000 jobs will be lost

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as 750 defense-dependent firms face a shrinking market for their services or products. This closure is taking place in a bleak economic landscape. Hard hit from declines in the manufacturing sector for years, the region continues to lose jobs at an alarming rate: over 1,000 every month. New industry is not coming to the area, and the only sector that shows some modest growth is tourism. Skilled, blue-collar workers, who make up the majority of workers to be dislocated from the Navy Shipyard, will be hard pressed to find new jobs to replace the relatively well-paid jobs they are leaving.

The pending closure of the PNSY has galvanized the entire community. Between the time the Commonwealth of Pennsylvania submitted its proposal to the Department of Labor and the time the project started up in January 1993, the Mayor established a Commission on Defense Conversion, funded by an OEA grant and staffed by an array of elected officials, federal and military representatives, business and labor leaders, academics and economic development specialists. This body became the main planning organization in the community to respond to the closure, as well as an arena in which many political issues and turf battles were played out. When the DCA project started up, it found the stage already occupied by a group of powerful representatives of the community with a mandate to coordinate a region-wide response.

Finally, the Philadelphia situation has not gone unnoticed by agencies and programs authorized to fund planning efforts. Large grants from the Department of Defense and the Department of Labor have been awarded to ease the blow from the drawdown.

THE MERCED PROJECT

The Merced project is operating in a very different economic and political context. Classified as a Long Term Economic Deteriorated area by the U.S. Department of Commerce's Economic Development Administration due to a relentlessly high unemployment rate, Merced County now faces the elimination of the mainstay of the economy, the Castle Air Force Base. Although the number of jobs to be lost due to the closure are far fewer than in Philadelphia, the relative impact may be as severe. With one out of four residents living in poverty, low-paying

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agricultural jobs the dominant employment sector in the area, and good jobs few and far between, Merced is highly vulnerable to the primary and secondary impacts of the closure on its economy and labor market. In contrast with Philadelphia, the closure has not resulted in a large amount of assistance from federal agencies. The DCA demonstration grant is one of the few sizable funding sources obtained to mitigate the effects of the dislocation. While a group of organizations had already organized a response to the pending closure of the air force base, their focus was on facility re-use options, rather than a broader review.* The Merced Project encountered neither the “crowded stage” nor the turf battles that proved to be so central to Philadelphia’s experience.

THE SAN DIEGO PROJECT

San Diego is an excellent example of an area “unusually dependent” on the defense and military sector. Although the area is home to several military facilities, all but one are scheduled to remain open. Where San Diego is experiencing the greatest impact of military cutbacks is employment in defense contractors. An estimated 50,000 jobs are estimated to be lost in San Diego due to cutbacks during the period 1989 to 1996. These losses are coming during a difficult time for the local economy. As the relatively prosperous 1980s drew to a close, the unemployment rate in San Diego shot up, and exceeded the national average. Defense contractors are laying off thousands of highly-skilled, technical and professional employees, who are facing a market already saturated with employees with their skills.

Reminiscent of the Philadelphia situation, the San Diego community has received a number of sizable grants from federal agencies to plan a response to these changes. The Departments of Defense and Commerce have all contributed substantial resources to planning, economic development, and employment and training programs.

* The Joint Powers Authority, funded with an OEA grant, had been working on plans “inside the fence” since the closure was announced in 1991.

GOALS AND STRATEGIES

The overall mission of a typical community planning project, stated briefly, is to collect the information and resources needed to devise and implement a broad, well-coordinated response to the precipitating event. This mission can be separated into three objectives, or steps:

- Establishment of a functional planning body or participation of the local employment and training community in a planning body;
- Collection and assessment of information on the effects of closure on local businesses and workers; and
- Identification of a viable plan to respond to the re-employment needs of dislocated workers or the needs of at-risk firms.

Once again, the two community planning projects in the DCA demonstration report had rather different experiences in implementing their objectives. The difference derives from the disparate goals, strategies, and contexts of the two projects.

THE PHILADELPHIA PROJECT

The specific objectives of the Philadelphia DCA grant were:

- To identify and review alternative funding sources, job development and job placement strategies, and exemplary practices for strategic management of human resources in response to economic change;
- To match dislocated worker skills and interests with occupational profiles developed in response to new business opportunities; and
- To establish a transition assistance center serving affected workers.

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These goals proved to be challenging for this project, primarily because staff were evidently surprised to learn that a planning commission was already appointed and had begun its work by the time the DCA project started up. The Mayor's Commission had even set up a task force to address issues around the employment and training needs of the workers displaced by the closure. The difficulty faced by the DCA project staff was to find a way to work within a highly politicized environment and existing activities, and to establish an appropriate and useful role for itself in the overall community planning effort. When this goal seemed unattainable, strategies shifted, as described below.

THE MERCED PROJECT

The major challenge faced by the Merced Project was not so much how to insert itself into a larger planning context, but how to meet the expectations of the Department of Labor in achieving goals consistent with the community planning approach. The key dilemma for the project in Merced was that their goals were more consistent with the dislocation aversion approach or an economic development model than with a community planning project. A second problem was the highly ambitious goals of this modestly funded project.

The goal of the Merced DCA grant was to plan for meeting the needs of the business community around the base, an activity that no other organization had systematically addressed by the time the DCA project started in January 1993. The goals of this small project, funded with a grant about a tenth the size of the Philadelphia project, included:

- Identifying JTPA and GAIN dislocated-worker-related base closure impacts and job-creating mitigation activities;
- Identifying and planning alternative financing, government contracting, international trade, and job creating opportunities for base-impacted employers and dislocated workers effected by the base closure; and

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- Supporting and enhancing the match between base-impacted employers' labor force needs, market development needs, and the skills of local JTPA and GAIN dislocated workers.

THE SAN DIEGO PROJECT

The planners of the San Diego Project recognized during the design phase of the DCA grant that while they had access to considerable information about the supply, characteristics, and skills of workers available to work, they had little or no information about the demand side. That is, adequate data on the firms that might be hiring, and the kinds of skills they were looking for, did not exist. Much like the StepUp data base in Philadelphia, The "Human Resources Database" was to merge information collected from manufacturing firms with data on workers' skills, and be used to guide and inform planning and economic development options across the community.

In the section to follow we examine the experiences of each of the projects in attempting to fulfill the three primary community planning goals outlined above: *establishment of a functional planning body or participation of the local employment and training community in a planning body; collection and assessment of information on the effects of closure on local businesses and workers; and identification of a viable plan to respond to the re-employment needs of dislocated workers or the needs of at-risk firms.*

IMPLEMENTATION EXPERIENCES

Goal #1 **Establishment of a functional planning body or participation of the local employment and training community in a planning body.**

This is the "classic community planning goal." The Philadelphia Project set out to establish a planning body, but quickly encountered the newly-formed Mayor's Commission that was intended to be the main planning body for responding to the closure. The project then

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abandoned this attempt, and defined a new role for itself in the planning process, by creating another committee whose mandate was to plan and oversee worker mobility activities on the Base. This committee did not fully succeed in coordinating its efforts with the activities of the main planning body (the Mayor's commission). It was then disbanded and reconvened several months later with a new role. Now the project has limited the role of the committee to focussing on coordinating the efforts and resources of entities involved with providing re-employment services on the Base.³ This committee appears to continue to struggle with building consensus between the relevant parties in how to best serve the needs of all affected workers on the base.

Despite these difficulties, one could argue that the project planners' strategy to create a separate committee to address employment and training issues, separate from the Mayor's committee, may have been the most appropriate among the options available to them. One could also argue that while the project could not achieve complete consensus between the partners involved in planning for services to workers, the project managed to facilitate a viable compromise, involving the creation of one center and coordination between two centers located in the Navy Complex to serve workers.⁴ It remains to be seen if these two centers can work together and coordinate their activities to best meet the needs of affected employees.⁵

A major challenge for the DCA community planning projects is to establish a meaningful role for itself within the context of a much larger and often highly complex community response to dislocation.

³ Unfortunately, the committee was divided by some of the same political and "turf" issues that separated the Mayor's Commission from the DCA project's efforts to begin with.

⁴ In the latest progress report, the Philadelphia Project reported that a third employment center is being set up, operated by the base, a few doors down from the PIC center.

⁵ The Merced Project did not plan or attempt to create, enhance or complement a community planning committee.

The Implementation Experience for Community Planning Projects

Goal #2: Collection and assessment of information on the effects of closure on local businesses and workers.

All three projects included a survey of local businesses or workers as part of their strategy to gather and assess information about the potential impact base closure (or in one case, mass dislocation due to downsizing) would have on the local labor market. One project emphasized assessing worker skills. Two projects emphasized the needs of impacted businesses in these surveys.

The Philadelphia Project included an objective involving the assessment of base and shipyard workers' skills, and appears to have successfully met and even exceeded this objective. One of the project partners, the University of Pennsylvania, spent the first year of the demonstration compiling a database that will eventually include records on all affected base workers as well as records containing information on current and potential job opportunities in the area. The intent is to train staff at both of the Base "transition centers" to use this information as a tool to match workers with jobs, and customize training services to best meet the needs of employers. While the potential of this innovative tool to enhance local economic development was not yet fully realized by the end of the first year, the "StepUp database" shows great promise as a technique to increase worker mobility. Like the Human Resources Data Base in San Diego, it is intended to confront the troubling dilemma of most training programs, summed up in the question "Training for what?".

The Merced Project also engaged in assessing the impact of downsizing on local businesses and documenting their needs for assistance. The project worked on two activities in this area. First, a consultant was hired to conduct research and produce a report on the impact of the base closure on surrounding communities. Second, a survey to local businesses was conducted and asked businesses to assess the potential impact of the closure on the health of the business, identify alternative markets for their products, and indicate what services they anticipated needing to survive.

The Implementation Experience for Community Planning Projects

The San Diego Project funded an activity to survey county manufacturing firms to determine the level and type of labor these firms are likely to require in the next year. Although the project was unable to combine the results from this survey with two other databases as planned, and initially achieved an unacceptable response rate from the firms contacted due to a range of technical problems, the survey provided information that was used to plan training courses offered to dislocated defense workers and plans for employment and training activities.

A major challenge for the DCA projects is to select a method for information-gathering that is feasible while resulting in information that is useful to decision-makers and practitioners.

Goal #3: Identification of a viable plan to respond to the re-employment needs of dislocated workers or the needs of at-risk firms.

DCA community planning projects, to be successful, should produce plans to provide for the re-employment needs of workers who lose their jobs due to cutbacks in defense spending, or plans to assist at-risk firms. All of the projects discussed here planned activities in these areas. One project demonstrated significant success in developing and even implementing plans, while the other two encountered some serious obstacles.

The Philadelphia project used DCA demonstration funding to plan for and set up a transition center located on the Base to serve the needs of Base workers whose jobs are being eliminated. The PIC runs the office using defense diversification funding from the Department of Labor, and offers basic readjustment services and retraining. The Shipyard runs its own transition office, which is primarily for the use of unionized employees working at the shipyard.

The Merced project planned to meet some needs of local businesses at risk of failure due to the pending closure. The project planned two types of assistance for at-risk firms. First, the project arranged, through a subcontract, to identify base-impacted firms (through the survey described above) interested in technical assistance regarding expansion into international markets.

The Implementation Experience for Community Planning Projects

Second, the project offered to provide similar support to firms interested in developing government contracts. The vehicle for conveying information to interested businesses was to be primarily through workshops.

The project encountered difficulties from the beginning. First, the survey was fielded, but few firms responded. Second, some communication problems existed between the local project staff, state staff, and the Department of Labor. For example, the Department of Labor was concerned that the firms to be served by the project already had received assistance and would have been helped anyway, whether or not the demonstration existed. Serving such firms would have violated a statutory requirement (Section 141(b)). Another issue was documenting whether the firms were, in fact, base-impacted. From the project's point of view, which is that of an economic development agency, the characteristic of most relevance was whether a firm was at-risk, not whether it was base-impacted or already receiving assistance. Once again, the barriers this project experienced in fulfilling its plans were to at least some extent due to differing expectations between the Department of Labor and the project planners.⁶

For a DCA-funded community planning project, a key challenge is to contribute towards or enhance the development of a cohesive, widely-representative group that places issues of employment and training at the heart of the planning process.

PROJECT ORGANIZATION AND ISSUES OF COORDINATION

The experiences of the community planning projects have demonstrated that to be successful they must, at the very least, be guided by the coordinated, consensus-building efforts of a representative group of community organizations and individuals. A smoothly-running, cohesive planning body is the single most crucial ingredient in an effective community-level response to a facility closure or mass dislocation. To accomplish this, the persons and organizations involved in the administration of the project should be broadly representative of

⁶ The San Diego project did not plan to directly serve the needs of businesses affected by cutbacks.

community stakeholders, and have credibility with key organizations or interest groups in the community. The project administration should have strong networks and be well-situated in the “power structures” of the community. Again, the two community planning projects in the Round 1 group of grantees experienced this challenge very differently.

THE PHILADELPHIA PROJECT

The grantee for the Philadelphia Project is the Pennsylvania Department of Labor and Industry, administered by the Dislocated Worker Unit (PDWU). The PDWU is responsible for Rapid Response activities under EDWAA and has a long track record of operating labor-management committees in this context. The PDWU has a subcontract with the Philadelphia PIC, which in turn has a subcontract with the University of Pennsylvania. These three project partners each focus on one of the three goals of the project: the PDWU focussed on the establishment of the committee to oversee services to workers; the University focussed on the assessment of worker skills; and the PIC focussed on the establishment of a service center at the military facility.

The Philadelphia Project almost immediately encountered difficulties in attempting to fulfill its first objective, to establish a planning body. Despite what appears to be genuine attempts to improve communications with the other entities involved with planning, in the end, the DCA project abandoned the attempt to integrate its activities with other planning processes, and pursued its own objectives relatively independently of the other groups. The factors causing these developments are difficult to identify, but several possibilities are suggested by the evidence. First, the planners of the DCA project were evidently not aware of the Mayor’s plans to appoint a central planning body. For whatever reasons, none of the partners involved in the DCA project planning had access to this information, which led to serious coordination problems later. Second, while communication and coordination among the project partners (the PDWU, the PIC and the University) were good, poor communications between the project and the larger community plagued the project throughout the first year. And third, in a highly-politicized environment, where agencies and individuals have access to large funding sources, the stakes

The Implementation Experience for Community Planning Projects

are high and turf battles intense. A contrast to this situation can be found in the second community planning project.

THE MERCED PROJECT

The lead agency for the Merced Project is the Merced County Department of Economic and Strategic Development, a small agency devoted to the revitalization of the local area. This project was planned and implemented exclusively by this organization, not because it turned down opportunities to coordinate with existing planning efforts, but because there was no other local organization planning for or providing services to businesses likely to be affected by the closure. Indeed, neither within-project coordination nor coordination between the project and other community agencies proved to be a problem for the Merced Project. The primary reasons for the absence of difficulties in this area for the Merced project are fairly straightforward. First, the project did not attempt to build or contribute towards a community-wide planning body. Second, Merced County is a small, rural and economically-depressed area, where the DCA project was "the only game in town," at least in the arena it had carved out for itself (working to alleviate the impact of closure on the surrounding businesses).

SUMMARY AND CONCLUSIONS

The two projects that received funding under the category of community planning in the DCA demonstration were highly dissimilar. Indeed, while one evolved to become a project emphasizing a worker mobility strategy, the other evolved into a project focussed on a dislocation aversion strategy. Neither project provides a good example of a "typical community planning" model. For this reason, the evaluation of the implementation experiences of these two projects is difficult. Nonetheless, the two projects' experiences during the first two years pointed to several challenges -- and strategies to deal with those challenges -- that are expected in community planning projects.

The Implementation Experience for Community Planning Projects

First, one project struggled to find a meaningful role for itself within a complex and highly charged environment where many actors were already involved in planning activities. The story of how this project persisted in searching for ways to place employment and training issues on the planning table is one we expect to encounter again in the evaluation of community planning projects. Further, the contrast between the struggles of one project and the lack of struggles in the other project underscores *the importance of understanding the effects of contextual factors* on community planning activities.

Second, while one project did not attempt to become involved with a larger, planning body and the other did, neither seemed to enjoy a high degree of success in integrating its objectives with the objectives of other planning bodies.

Third, both projects made significant progress in achieving their other objectives, such as collecting and analyzing information about the impact of closures or massive downsizing on local businesses, or information about the skills levels of affected workers that may prove critically important in assisting workers to find new jobs.

PART B

PROFILES OF THE COMMUNITY PLANNING PROJECTS

CASTLE AIR FORCE BASE CLOSURE DEFENSE CONVERSION ADJUSTMENT PROJECT: MERCED, CALIFORNIA

The goal of this project is to help mitigate the impact of the closure of Castle Air Force Base on the economy of Merced County, California. With a substantially smaller budget than the rest of the demonstration grantees, the project seeks to help the local business community through two types of activities: (1) researching and preparing a report on local economic development options; and (2) providing assistance to firms that will be affected by the base closure. The business assistance activities of the project consist of training and consultation to local businesses on the potential for expansion into two new markets: international trade and government contracting.

PROJECT CONTEXT, PLANNING, AND GOALS

CONTEXT

Castle Air Force Base is located in Merced County in California's San Joaquin Valley. With a population of under 200,000, Merced County is primarily rural, and agriculture is the largest private-sector employer. The vast majority of Merced County businesses are small: less than 3% have 50 or more employees, and most have far fewer. Merced County historically has had a relatively weak, agriculture-dependent economy, with an unemployment rate that averages between 15% and 20%. Good jobs are scarce. Large numbers of Hispanic immigrants and Southeast Asian refugees have settled in Merced County over the last two decades, presenting significant challenges to County public services. Many of the County's residents live in poverty.

Castle Air Force Base

Castle Air Force Base, which has been an integral part of the Merced County economy since opening in 1941, is currently in a drawdown process and is scheduled to be closed completely by the fall of 1995. Part of the work of the demonstration is to identify the impacts of the closure on the local economy, but some broad indications of the magnitude of the impact include:

- Before the drawdown began, over 5,000 military personnel were stationed at Castle, with a payroll of about \$120 million. Much of that payroll has been spent in Merced County on goods and services.
- Projections are that relocation will involve more than 11,000 military dependents, for a total military-related departure of over 16,000 persons.
- At full operating strength, Castle employed about 1,200 civilians with a payroll of approximately \$17 million.
- Castle spent over \$26 million annually on purchasing goods and services. Although much of that went to out-of-area contractors, several hundred Merced County residents worked for these contractors either directly or through local subcontractors providing services to the base such as construction and janitorial services.

PLANNING

When the impending closure of Castle was announced in 1991, the three local governments most affected by the closing (Merced County and the cities of Atwater and Merced) quickly established a Joint Powers Authority and applied for OEA funds to plan base reuse. Led by a dynamic director (a retired Castle Wing Commander), the JPA is actively pursuing a number of base reuse options. This base reuse planning process has been unhampered by the kinds of intergovernmental competition and "turf battles" that often accompany such a planning

process; since the beginning the three local governments and Castle's management have cooperated closely with each other in developing options for base reuse.

Although the JPA was functioning smoothly and pursuing a number of promising options for economic development "inside the Castle fence," community leaders saw a need to address the impact of Castle's closure on the business community "outside the fence." The three involved local governments have very limited resources to support community planning: they were small to begin with, currently are experiencing cutbacks in budgets and staff, and the local match required by the OEA base reuse planning grant is taking what little community planning resources are available. To assist with community planning and economic development, the director of the County's economic development department (the Merced County Department of Economic and Strategic Development -- MCDESD) wrote a proposal to the U.S. Department of Commerce's Economic Development Administration for a small technical assistance grant. Merced County had already received such technical assistance grants for a number of consecutive years, and this time was turned down.

Staff of California's state Title III office suggested that Merced apply for DCA demonstration funds under the community planning category. MCDESD re-wrote their proposal, and submitted it jointly with the local Private Industry Council and the State Title III office. They were awarded a grant of \$56,000.

GOALS AND STRATEGIES

The goal of this project is to help mitigate the impact of the base closure on the Merced County business community. The project is using two strategies to achieve this goal, which are:

- (1) Researching and preparing a report on economic development options for the communities surrounding the base.

- (2) Providing training and consultation services to Merced County businesses that are affected by the base closing on how to expand into two areas: international trade and/or government contracting.

PROJECT ORGANIZATION

The State of California Title III office is the official grant recipient. They do a straight pass-through of the funds to the Merced County Private Industry and Training Department, which retains a small amount for monitoring and oversight of the project and subcontracts the rest of the grant to the Merced County Department of Economic and Strategic Development. MCDESD's role is primarily administrative; almost all of the substantive work of the project is being conducted through the following three small subcontracts:

- (1) A rural economic development specialist at the University of California is researching and preparing the report on economic development options.
- (2) A branch of the local association of governments is preparing demographic profiles for six cities and five unincorporated areas in Merced County. These profiles will contribute to the economic development options report described above, as well as be used as stand-alone information sheets for businesses thinking of expanding within, or relocating to, Merced County.
- (3) The Center for International Trade Development (CITD) is developing an "Export Kit" and providing training to local businesses affected by the base closing on how to expand into international markets.

In addition to these subcontracts, the other substantive piece of the project is training and consultation to firms on how to expand into government contracting, which is being provided by a branch of MCDESD.

DEMONSTRATION-FUNDED ACTIVITIES

As described above, the project is using two types of activities to help the Merced County business community respond to the base closing: (1) coming up with economic development options, and (2) providing assistance to firms that are affected by the base closing.

REPORT ON ECONOMIC DEVELOPMENT OPTIONS

As a rural county facing a severe budget deficit, Merced County has few resources to devote to researching what the impact of Castle's closing will be on the area's economy and planning how to respond. To help meet the community's need for this kind of research, the project subcontracted with a rural economic development specialist at the University of California to prepare a report on economic development options. Through interviews with base and community officials, examination of demographic data, and review of reports on the economic development plans for other California base-closure communities, the consultant is developing a list of economic development ideas for Merced County and the cities of Atwater and Merced. Although the scope of the research is limited by the small budget of the subcontract, the consultant and MCDESD hope that this "laundry list" will provide a springboard for the affected communities to move into an active economic development planning process.

BUSINESS ASSISTANCE SERVICES

As described above, the project is providing training to local businesses affected by Castle's closing in how to expand into two markets: international trade and government contracting.

Expanding into International Markets. The Center for International Trade Development (CITD) is a local non-profit organization, funded primarily through the California Community College system, that assists small- and medium-sized businesses in expanding into international markets. They conduct several different workshops such as "The ABC's of

Castle Air Force Base

Exporting,” taught by CITD staff and volunteers who have specific expertise in exporting (such as bankers or attorneys who specialize in exporting). CITD staff also provide individual consultation to business owners and managers. For the demonstration, CITD first developed an “Export Start-Up Kit,” a booklet that provides some basic information about exporting and helps a business evaluate its export potential.

In the Fall of 1993, CITD sent a mail survey to about 3,000 local businesses to help identify businesses that were: (a) affected by Castle’s closing; and (b) in need of assistance. At the time of our site visit, about 120 firms had returned surveys. Those that expressed interest in learning about exporting (about half of the respondents), were mailed a copy of the Export Start-Up Kit. The Kit has tear-out sheets that ask the respondent to do some preliminary self-assessment about the export potential of the business, which were to be filled out and returned to CITD. Those businesses that CITD judges have good export potential (because of the type of product or service) are invited to attend CITD’s workshops, and provided follow-up individual consultations as needed.

CITD’s goal is to provide training (in workshops or individually) to at least 40 “base-impacted” businesses throughout the grant period. Because a large proportion of the businesses in Merced County are very small, most of this training will be directed at small-business owners or managers. At the time of our visit, the surveys were still being returned and none of the responding companies had attended workshops yet.

Government Contracting Assistance. The other service to firms conducted under this project is training and consultation in how to expand into government contracting, provided by a branch of MCDESD that specializes in these services. Businesses that expect to be affected by Castle’s closing and are interested in government contracting are being identified in two ways: (1) through CITD’s survey, and (2) through a mailing to all local firms that contract with Castle.

The goal for this activity is to provide training through workshops or individual consultations to the owners or managers of at least 40 businesses. The project expected that there would be few, if any, businesses who would be interested in exploring expansion into both government contracting and international trade at the same time, so it was expected that these different project components would serve different businesses.

THE PHILADELPHIA NAVAL BASE AND SHIPYARD COMMUNITY PLANNING PROJECT: PHILADELPHIA, PENNSYLVANIA

The Philadelphia Naval Base and Shipyard Community Planning Project seeks to participate in planning for providing employment and training services to workers who have been or will be laid off during the drawdown process currently occurring at the Complex. Led by the Pennsylvania Dislocated Worker Unit and the Philadelphia Private Industry Council, the project has pursued three strategies: (1) to establish a Dislocated Worker Transition Team (DWTT) to plan for and oversee training and re-employment services to laid-off Base and Shipyard workers; (2) to develop plans to create an on-base center to deliver re-employment services to affected workers; and (3) to collect information about the skills of laid-off workers to be used in conjunction with information collected from potential employers to facilitate the re-employment of dislocated Complex workers.

PROJECT CONTEXT, PLANNING, AND GOALS

CONTEXT

Historically a heavily industrialized region, the Philadelphia area has been hard hit economically over the last two decades. As deindustrialization of the region continues, an estimated 1,000 jobs are lost in the Philadelphia area *each month*. New industry has been slow in coming to Philadelphia, and jobs that pay well and provide benefits are increasingly scarce.

The Philadelphia Naval Complex, a linchpin of the economy for almost two centuries, currently is in a drawdown process. Before the drawdown began, the Complex included five major commands: the Shipyard, the Hospital, the Naval Station, the Naval Ships Systems Engineering Station, and the Admiral's Staff. One of the largest Naval facilities in the country to be scaled down due to military cutbacks, the Complex employed over 16,000 military and civilian personnel in July 1993.

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Small-scale layoffs have been occurring for several years, but the official drawdown process began in 1993 with the closure of the hospital. Drawdown is scheduled to be completed by the end of 1996, after which a few facilities will continue to operate indefinitely, employing only about 2,000 primarily civilian employees. Of the jobs being eliminated, roughly 45% are administrative or technical, 40% are in the blue collar trades, and 15% are in science or engineering.

The Shipyard, which services and maintains Navy vessels, is both the largest command in the Complex and the largest manufacturing site in the region. At its peak, shipyard employment topped 14,000. The shipyard is being closed because it can only accommodate conventional aircraft carriers (not nuclear-powered). The last conventional carrier, the USS Kennedy, currently is being serviced and retrofitted to serve another 20 years. But this work is scheduled to be completed by September of 1995, after which there will be an immediate reduction of shipyard staff to around 3,000 employees.

The economic impact on the region of the drawdown of the Complex is staggering. In addition to the direct employment losses described above, huge secondary and tertiary impacts are anticipated. An estimated 800 companies, directly dependent on sales to the Complex, are expected to lay off more than 36,000 employees. Many businesses will not survive the downsizing.

The region has received several large grants to respond to the drawdown. For example, a grant from the Office of Economic Adjustment is funding the Mayor's Commission on Defense Conversion, the main planning body in the community. The Navy is funding a Career Transition Center for dislocated Shipyard employees. A non-demonstration DCA grant from the Department of Labor is used to serve temporary and on-call Shipyard workers who have already been laid-off, and other workers who are not eligible to receive assistance from the Shipyard's Transition Center. Finally, Congress appropriated a 50 million dollar grant to fund economic development activities to help mitigate the potentially devastating effects of the drawdown on the local economy.

PLANNING

When the drawdown was announced several years ago, the Shipyard's Office of Civilian Personnel and Management began to plan for transition assistance for Shipyard employees. Staff from the Shipyard's Office contacted the Philadelphia Private Industry Council to learn more about resources available through the JTPA system. The PIC was already experiencing great demand for EDWAA services because of the continuing massive layoffs in the private sector, but began to search for funding to help respond to the impending Complex layoffs. When the DCA demonstration was announced, the PIC joined forces with the State Dislocated Worker Unit and put together a proposal that they submitted under the community planning category.

Apparently unknown to the project planners during the proposal-writing stage, another effort was underway in the community to develop a task force to provide a unified and coordinated response to the base drawdown. By the time the DCA grant was awarded in early 1993, the Mayor's Commission on Defense Conversion had been set up, with a mandate to coordinate all planning activities around the closure. The Mayor's Commission was funded with an OEA grant. A special task force was set up by the Commission to study and coordinate activities around serving the training and employment needs of affected workers. *Thus, the first challenge faced by the DCA project was to work out a way to integrate its own plans to create a planning body with the larger agenda of existing planning efforts.* The strategies adopted by the DCA project to meet this challenge are described further below.

PROJECT GOALS

The proposal listed three main objectives, which were:

- (1) The establishment of a Dislocated Worker Transition Team (DWTT) to plan for and oversee training and re-employment services to laid-off Base and Shipyard workers.

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- (2) The development of plans to create an on-base center to deliver re-employment services to affected workers.
- (3) The collection of information about the skills of laid-off workers to be used in conjunction with information collected from potential employers to facilitate the re-employment of dislocated Complex workers.

PROJECT ORGANIZATION AND COORDINATION

ORGANIZATION

The grantee and lead agency for the project is the Pennsylvania Department of Labor and Industry, whose Dislocated Worker Unit is administering the project. The Dislocated Worker Unit is primarily responsible for meeting the first objective, the establishment of a planning committee to oversee and coordinate activities designed to meet the employment and training needs of affected employees.

The second major project partner is the Philadelphia Private Industry Council, whose primary responsibility as described in the proposal was to plan for the establishment of an on-site Career Transition Center to respond to the impending layoffs. After the demonstration proposal was submitted, the PIC discovered that several hundred temporary and on-call employees had already been laid off from the shipyard and were in need of immediate assistance. The PIC then applied for and received a Department of Labor discretionary grant to establish a Career Transition Center to serve these workers. The DCA demonstration funds were used in part to plan for this center.

The third project partner is the Center for Applied Behavioral Sciences at Pennsylvania State University. More than half of the demonstration budget is allocated to a subcontract with the university to conduct an assessment of the skills of laid-off workers, which was to be used

as a tool to facilitate the re-employment of the workers, as well as to enhance other economic development activities in the area.

Although not a formal partner, the Navy and Shipyard's Office of Civilian Personnel and Management has been an active player in the project since its planning stages. The primary concern of the Office of Civilian Personnel and Management has been to continue playing a central role in planning for and delivering re-employment services to laid-off workers. In addition to this office, the project has worked with Shipyard's union as well as the Mayor's Commission and its advisory committees, particularly the Labor and Retraining Advisory Committee.

COORDINATION

Planning and coordinating for services' to respond to the dislocations caused by the drawdown and the resulting crisis for the labor market in the Philadelphia region presented a significant challenge to project staff. Because of the magnitude of the layoffs, the multi-jurisdictional nature of the impacts, the challenges of planning for the re-use of such an immense facility, and the large amount of dollars and number of funding sources to support planning activities, the process has involved a very large cast of intensely interested parties. Representatives from various local and state government offices, organized labor, the shipyard civilian personnel office, and a host of other private and public organizations all wanted a "piece of the planning action."

DEMONSTRATION-FUNDED ACTIVITIES

ESTABLISHING A PLANNING GROUP

Planners for the DCA grant had envisioned a classic community planning role for themselves, involving the creation of a representative group of individuals who would create a community-wide action plan to mitigate the effects of the downsizing. However, by the time

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the project started up in early 1993, another much larger effort was underway to coordinate planning activities: the OEA-funded Mayor's Commission on Defense Conversion. This group quickly evolved into the main planning body (although its attentions seemed to be initially focussed on facility re-use options), and included a special advisory committee to examine issues specific to labor readjustment. DCA project staff recognized the need to avoid duplication of effort, and developed a strategy planners hoped would complement existing efforts rather than replicate or undermine them. The project encountered difficulty in working closely with the larger planning bodies, and eventually abandoned its efforts to integrate its own goals and strategies with those of the Mayor's Commission.

The Dislocated Worker Unit took the initiative to create a new committee of individuals (consisting of a broad array of representatives from the Base and Shipyard, the union and the city) to coordinate readjustment activities at the Complex. The group began meeting in early 1993 and worked towards building consensus and providing direction for the employment and training community to address the needs of dislocated workers. Although the group provided an important forum within which important players could debate the best goals and strategies to pursue, it began to lose its focus after a few meetings. This first Dislocated Worker Transition Team was disbanded by project staff a few months later, and a new team was constructed with a much narrower focus, fewer participants, and a more politically-neutral environment.

The primary responsibility of the second Dislocated Worker Transition Team is to oversee the establishment of the service center on the base and its coordination with a second service center at the Shipyard. The PIC reports regularly to the Team, which in turn functions as an advisory board, an information clearinghouse and a coordinating body to write grants and oversee activities related to on-base worker mobility services.

PLANNING THE CAREER TRANSITION CENTER

The second major activity funded by the DCA grant is to support planning for the Career Transition Center, to be operated at the shipyard by the Philadelphia PIC. The actual services

to be provided by the Center will be funded out of a large Department of Labor discretionary grant (\$2,750,000). The shipyard is donating space and equipment.

The short-term purpose of the Career Transition Center is to serve approximately 700 temporary workers who have already been laid off, but who are not eligible to be served by the Shipyard's own transition office (which serves union members only). The Center offers basic readjustment and training to eligible workers. At the time of the site visit, over 400 workers had been served by the newly established PIC; 135 had enrolled in training courses. Project planners also envision a long-term role for the Center. Proposals have been submitted to the Department of Labor to acquire additional resources to fund the counseling, training, and job search needs of approximately four thousand additional workers who will be laid off in the next few years.

A key challenge for the DCA project has been to ensure that the two transition offices currently operating at the Complex -- the one run by the Shipyard and the other planned with funds from the DCA grant and run by the PIC -- complement each other's activities. The Dislocated Worker Team works with the PIC and the Shipyard in trying to coordinate the activities of the two offices. One strategy being considered by the project is to coordinate services between the two centers as follows: laid-off workers would first visit the shipyard transition center for assessment, counseling, and possible reassignment in the military. Workers who need retraining would then visit the PIC-run center to arrange for those services.

WORKER SKILLS ASSESSMENT

The third and final demonstration-funded activity is led by the University of Pennsylvania. The Center for Applied Behavioral Sciences is responsible for the task of assessing the skills levels of affected workers, and using these data to develop methods to facilitate both the re-employment of these workers and to support other economic development activities around the base closure. Their responsibilities are: (1) to determine which employees are likely to find employment with little or no assistance and which will require training or skills

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upgrading; (2) to advise the PIC regarding the type of training that should be provided; (3) to provide information to the vocational counselors working at both transition centers at the Complex to facilitate the efficient placement of dislocated workers; and (4) to encourage re-employment in local firms by matching employer needs with workers with needed skills.

The University researchers are developing a database to support all four of the objectives listed above. The StepUp database will merge data on the knowledge, skills and abilities (KSAs) of dislocated workers, the KSAs of existing and future job vacancies, and other information relevant to identifying promising employment opportunities. A survey was fielded to local employers to generate some of the needed data. Over 200 businesses responded to the survey and identified over 700 current and 700 future job openings. By the end of 1993, the database contained the records of over 7,000 Complex workers, possessing in total over 2,000 KSAs. Twenty vocational counselors had been trained in the use of the program, and focus groups conducted to obtain feedback on their experiences using the program. *A key challenge for the University team will be to collect useful information about job opportunities to complete the database.* Without the "other half," e.g., detailed and current information about actual job opportunities, the potential of this tool to "make a difference" in placing dislocated workers within a reasonable amount of time will be severely reduced.