

TRAINING AND EMPLOYMENT NOTICE	NO. 38-11
	DATE April 17, 2012

TO: STATE WORKFORCE AGENCIES
STATE WORKFORCE ADMINISTRATORS
STATE AND LOCAL WORKFORCE INVESTMENT BOARD CHAIRS
and DIRECTORS
STATE LABOR COMMISSIONERS
STATE RAPID RESPONSE COORDINATORS

FROM: JANE OATES /s/
Assistant Secretary
Employment and Training Administration

SUBJECT: Benefits of Collaboration Between State/Local Workforce Investment Boards
and the Manufacturing Extension Partnership (MEP) Program

1. Purpose. To encourage the workforce system to collaborate with the U.S. Department of Commerce’s Manufacturing Extension Partnership program to provide assistance and support to small and medium-sized manufacturing firms with the ultimate goal of supporting economic growth while preserving and creating jobs.

2. References.

- Training and Employment Notice (TEN) No. 31-11. *The Rapid Response Framework*
- Training and Employment Notice (TEN) No. 32-11. *Rapid Response Self-Assessment Tool*

3. Background. In his 2012 State of the Union address, President Obama laid out a “blueprint for an economy that’s built to last” which, in his words, “begins with manufacturing.” Because workforce and training issues are inextricable from any serious discussion of manufacturing policy, DOL and ETA have actively participated in several interagency efforts to promote the industry.

While the number of manufacturing jobs has declined over the past 20 years as a percentage of national employment, manufacturers now employ 12 million Americans, mostly in jobs with good wages and benefits. The focus of this TEN is on the over four million manufacturing workers (about 40% of the total) already employed in small manufacturing enterprises (SMEs), which comprise 98% of manufacturing firms overall.¹

Growth in the manufacturing sector contributes disproportionately to the economic recovery, benefiting workers, companies, and communities. The Administration has announced goals to significantly increase the output of American-made goods over the next five years, and to increase exports of U.S.-made products abroad. SMEs, many of which are suppliers to the major

manufacturing firms, are integral to achieving these goals. In order to meet these goals, the innovative capacity of SMEs will have to be enhanced, in part by employing workers with higher skills and/or by up-skilling the current workforce.

However, as part of the churning that occurs in any healthy economy, many SMEs also continually face challenges that, if not addressed, can ultimately lead to downsizing. When faced with the possibility of layoffs, state and local Workforce Investment Boards (WIBs), One-Stop Career Centers, and Rapid Response teams step in and build relationships with manufacturers to assist the employer and to enable workers to return quickly to employment or even prevent layoffs altogether. This interaction can lead to larger discussions about other operational improvements that can lead to stronger, healthier businesses.

There are a growing number of successful engagements between local WIBs and SMEs that have led to layoff aversion in some cases and job growth in many others. These engagements have been facilitated in part by a Federal-state-sponsored program called the Manufacturing Extension Partnership. Highlighting the potential benefits of a broad collaboration between this program and the workforce system is the purpose of this TEN.

4. Manufacturing Extension Partnership (MEP): An Introduction. The National Institute of Standards and Technology's Hollings Manufacturing Extension Partnership (MEP), sponsored by the Department of Commerce, works with SMEs to help them create and retain jobs, increase profits, and export their goods.

- The nationwide MEP network provides a variety of services to SMEs. MEP's services range from business strategies to supplier scouting, product commercialization, export assistance, and process improvements, to both lean and green manufacturing.
- The MEP network has access to over 2,300 affiliated service providers at 400 locations around the country. Field staff with manufacturing and technical expertise are located in every state, serving as trusted business advisors. MEP staff focus on solving manufacturers' challenges and identifying opportunities for growth and increased productivity.
- Each year, MEP has contact with 30,000 manufacturers and conducts around 10,000 significant projects. In 2011 these projects resulted in \$8.2 billion in new or retained sales, \$1.3 billion in cost savings, and over 60,000 jobs created or retained by MEP clients.²

MEP has a history of working with WIBs and workforce agencies across the country to help manufacturers find and train workers, strengthen companies, and avoid layoffs. MEP centers work with multiple state partners, including WIBs, to assess companies facing challenges and identify business opportunities, cost savings, training, re-training and redeployment opportunities to ensure that companies remain competitive in an ever-changing global economy. Strategies to address manufacturers' challenges might include identifying new markets for existing products, reducing costs through process improvements, reducing waste or energy use, re-training workers for new technologies and processes, and/or implementing innovative growth strategies.

The following are some examples of MEP success, collaboration with WIBs, and opportunities for future collaboration.

Tulsa, Oklahoma: Insourcing Jobs

In Oklahoma, the Oklahoma Manufacturing Alliance (MEP Center) partnered with the state Employment Security Commission (ESC) to identify companies that were seeking to address competitive challenges proactively. Enardo Manufacturing, a Tulsa-based manufacturer of valves and flame arrestors for the petrochemical and pharmaceutical industries, had started to shift operations to Mexico to reduce costs. The Oklahoma Manufacturing Alliance used a \$5,000 Workforce Investment Grant from the ESC to help the company implement lean enterprise, which included value-stream mapping to reduce waste and non-value added activities in the production process. The effort produced sufficient cost savings to keep Enardo's production in Oklahoma, also saving jobs in several supplier companies in the region's rural communities. Results of implementing lean enterprise included an 80% reduction in raw material inventory, a 75% reduction in lead time, and an ability to deliver new products faster, resulting in a competitive advantage that served the company well when pursuing subsequent new customers.

Southern California Example: A Regional Sector Strategy

The California Manufacturing Technology Center, Southern California's MEP Center, collaborated with eight local WIBs in 2010 and 2011. Together they worked with over 125 manufacturers in the region to help companies address risks before they became acute. The work included a wide range of activities such as business strategy assistance, helping companies replace lost customers by pursuing new customers and new markets, assisting with the deployment of new technologies, and providing quality and process improvements. Aggregated results included nearly 350 jobs created and over 1800 jobs retained, nearly \$60 million of increased sales and nearly \$50 million of sales retained. Critical to achieving this success was the productive collaboration between the local WIBs and the Southern California MEP in leveraging their existing relationships, developing the solicitation process, and marketing and implementing the program.

Supply Chain Impact Analysis: Future WIB-MEP Partnership Opportunities

States are well-known for their Rapid Response efforts when a major layoff or plant closing is announced. When a WARN notice is received, attention often focuses on the impacted company and workers at the identified facility. However, companies that provide the wide range of supplies and component parts to the facility are also at risk. Often, an equal or greater number of jobs can be lost across the supply chain as a result of an impending or actual layoff. This is a point that is emphasized in Training and Employment Notices (TEN) No. 31-11 and 32-11 on the Rapid Response Framework and Self-Assessment Tool. MEP centers are intimately familiar with their regions' manufacturing supply chains. When a large manufacturer shows signs of trouble, WIBs can work together with MEPs to identify potentially affected suppliers, determine the extent to which a layoff could impact their businesses, and develop strategies and services for assisting suppliers to mitigate risk, identify new customers, and survive a possible layoff occurring in their customer's company.

5. Partners that WIBs and MEPs Have In Common. MEP centers and WIBs regularly work with many of the same public and private partner organizations at the state and local level, including, but not limited to:

- Trade Adjustment Assistance Centers (TAA for Firms) and US Export Assistance Centers, sponsored by the Department of Commerce;
- Small Business Development Centers (SBDCs), sponsored by the Small Business Administration (SBA);
- local and regional economic development organizations;
- community colleges;
- local chambers of commerce;
- labor organizations; and
- trade associations.

As more WIBs and MEPs begin to interact and develop stronger collaborative relationships, it will be helpful to share each other's networks and experiences in working with these partners.

6. Call for Collaboration between WIBs and MEPs. As growth in the manufacturing sector has become a significant driver of the growth in our economy, opportunities for collaboration may become even more critical.

ETA encourages WIBs and the workforce system to become familiar with the MEP program (<http://nist.gov/mep/>), to identify the MEP center nearest you, and to initiate the conversation to establish a partnership as opportunities arise. Additionally, ETA has developed a toolkit to help the workforce system build strong partnerships with small businesses and entrepreneurs (<https://www.workforce3one.org/view/2001125757596213518>). Sound planning and preparation, particularly with regard to resources, will be the key to success.

Contact your local MEP center to explore options for collaborating on work with manufacturing companies, particularly small and medium-sized enterprises, to help them address challenges, enhance their competitive position, and ultimately retain and create jobs.

7. Inquiries. Questions concerning this Training and Employment Notice should be directed to the appropriate Regional Office.

8. Attachment. See attached joint commitment letter.

¹ <http://www.whitehouse.gov/blog/2012/02/27/small-manufacturers-driving-job-creation-economic-growth>

² Based on FY 2011 performance data, as collected by independent third-party evaluation contractor and reported by client SME 8-12 months after project completion.