

Chair Patty Murray, Ranking Member Johnny Isakson, and distinguished members of the Committee, thank you for the opportunity to speak today about “Addressing Workforce Needs at the Regional Level: Innovative Public and Private Partnerships”. My name is Sandy Harmsen, and I am the Executive Director of the San Bernardino County Workforce Investment Board and Director of the County’s Workforce Development Department.

The San Bernardino County Workforce Investment Board has a dedicated and comprehensive business support program that deploys federal funds to assist local employers with job creation and retention.

The WIB consists of a majority of business owners who helped establish the local Manufacturing Industry Council and the Transportation and Logistics Council and are active members of the Aviation Industry Council, the Healthcare Workforce Advisory Board, and the California Clean Energy Collaboration. Their connection to the local business community and its workforce needs, coupled with a dedicated Business Services Unit, empowered the WIB to respond to the severe economic downturn.

The business services unit developed relationships with San Bernardino employers in high-demand industries that promise job growth and opportunities for county residents. The business services unit members meet regularly with employers to identify specific workforce needs, discover job openings and negotiate subsidized and On-the-Job Training contracts. They also help employers avert layoffs through business efficiency training.

To assist employers, the business services unit provides:

Customized job fairs

On-site recruitment resources

Human resources hotline

Business workshops at no-cost to participants

Efficiency and process improvement

Rapid response and layoff aversion

Labor market research

Tax credits, incentives and more

Business closures and lay-offs affected thousands of county residents in 2008. Sixty percent of small businesses, which make 93% of all businesses in the county, were delinquent in their bills and could not access credit. San Bernardino County hit a historic unemployment rate high of nearly 15% and ranked third in the nation in home foreclosures by 2009.

Pam Houston, general manager of Houston and Harris, was forced to lay off 50% of her employees over an eight month period and as business continued to plummet, she faced the possibility of closing the doors of her family-owned 23 year-old business.

Ed Boyd, CEO of MacroAir found it difficult to keep up with customer demand. They lacked the systems to manage growth and quality was suffering, leading to quality and customer satisfaction issues. Without the proper systems in place and the structure to support their growth, Ed's company which has been in his family for three generations, was failing to meet customer needs that could force them to lay off a significant number of employees.

Ryan Andrews, Chief Administrative Officer of Products Techniques, Inc., which makes coatings for the aerospace, aviation and defense industries, faced closing his doors when 80% of his clients required his company to become International Standard Organization (ISO) 9001 certified.

The WIB and its business services unit responded to the crisis among County employers. The WIB maintained employment through lay off aversion dollars, incumbent worker and On-the-Job training that allowed employers to keep their workers and hire residents who had lost their jobs in other industries.

The WIB partnered with the local industry councils, chambers of commerce, educational providers and community organizations to provide information and resources that would aid struggling businesses. Twenty-nine partners offered free initial consultations to businesses in their respective areas of expertise. The business services unit developed and implemented Business Survival Workshops throughout the County. A total of five separate workshops were initially conducted to reach as many businesses as possible due to the large geographic area of San Bernardino County that consists of 20,000 square miles (the largest County in the contiguous U.S.) with more than 62,000 businesses.

The initial Business Survival Workshops received an overwhelming response by the local business community. More than 400 businesses took advantage of a free assessment that identified their strengths and weaknesses in sales, business processes, customer service, and employee performance and productivity. The WIB continued to offer 70 additional weekly workshops that assisted more than 1,100 employers to keep their doors open and avoid staff reductions.

The business services unit surveyed businesses that participated in these workshops and learned that employers needed intensive business process improvement services that would increase revenue and prevent layoffs.

The WIB's business services unit issued a Request for Proposal (RFP) in December 2009 to help employers prevent layoffs and closures. Five companies were selected to provide layoff aversion services. Local businesses that were struggling to stay afloat were identified by the business services unit and received process improvement training.

“Giving Struggling Companies a Boost”

The WIB partnered with a business process improvement specialist to help Pam Houston streamline her company's operations, keep her employees and open up hiring. After changing many of their daily processes, Pam was able to hold onto her staff and

hire new staff with the WIB's On-the-Job Training funds that reimbursed her for a portion of her training costs.

Ed Boyd, CEO of Macro Air, also participated in the WIB's process improvement program. He reported a 30% increase in sales which created more positions in his company. Their production line now has the capacity to do 50% more without moving to a larger space.

The process improvement program helped Ryan and his staff at Products Techniques upgrade equipment and customer service capabilities. His customers were impressed with his efforts and continued to bring him jobs. They are now ISO 9001 certified.

San Bernardino County Workforce Investment Board Partnership with California Manufacturing Technology Consultants (CMTC)

Manufacturing is one of the key industries to San Bernardino's economic recovery that offers good paying jobs and long-term careers to skilled craftspeople. The WIB partnered with CMTC to facilitate the Lay-off Aversion and Business Assistance Program.

CMTC and the business services unit met jointly with 68 at-risk manufacturers that suffered from declining revenues. They made a commitment to retain or hire employees and worked with a dedicated specialist to reduce cost, improve quality and productivity address financial and succession planning issues and develop new markets to increase sales.

Implementation services provided to each company were customized based on the manufacturer's risk factors or barriers to growth. The services CMTC provided included:

Process Improvement for streamlining the manufacturing process to reduce production cost and increase productivity. These services also led to increasing the capacity of the participating manufacturers to increase sales.

Strategic and Financial Planning for evaluating the manufacturers' current state and establishing long-term business and strategic goals based on sound financial planning. Referrals to other agencies like the SBA for loans were also made to manufacturers who needed operating and investment capital.

Quality Management System implementation that improved product quality, on-time delivery and met industry ISO 9001 and AS9100 certification requirements. Many of the at-risk manufacturers lost customers because they lacked certifications or could not enter new markets.

New product development and diversification of products to foster innovation and growth. Innovation is a key for small manufacturers to stay competitive and gain market share.

Participating manufacturers were surveyed six months after implementation by an independent survey from NIST/MEP and reported:

\$8 million in increased sales

\$18 million in retained sales

\$2.6 million in cost savings

\$2.1 million of investment in equipment, IT and workforce skills development

600 retained jobs

117 created jobs

The result of the program speaks for itself and the standard processes developed under the program has made it a model for seven other Southern California Workforce Investment Boards and CMTC demonstrating this is a best practice that should be given further consideration. There is a need in the manufacturing sector to invest early in the

company and the workforce to avoid lay-offs and remove barriers to growth. The fact that jobs were created under this lay-off aversion program demonstrates the positive outcome of this type of investment.

The total results of the process improvement program resulted in saving 1106 jobs and hiring 204 residents in new jobs.

The WIB's business services unit is a necessary component to the workforce system. The decision to fund it during the recession made the difference to employers and people who needed their jobs to keep their homes and support their families. But even more so, the WIB gives opportunities to vulnerable populations who are willing and ready to work.

When Malena Bell was laid off from her non-profit organization, she was in the situation that every parent fears – having come one month short of living on the street. “When I lost my job, I was forced to go apply for public assistance,” she said. “I went from making \$1,800 a month to \$500 a month.”

Malena wasted no time utilizing the work readiness program offered by staff at the county's Employment Resource Centers, and immediately went to work on her resume and interviewing skills. By attending job seeker workshops offered through the WIB's Employment Resource Centers, she had her ear to the ground when Patton Sales Corporation would be hiring through the On-the-Job Training program.

“She hated being on government assistance and took it personally,” said Jon Novack, president of Patton. “She said, ‘Give me a chance and let me show you what I'm about’.”

Malena has now been with Patton for two years and is moving up to sales training. She plans to stay with Patton until her retirement.

The WIB's relationships with the local business community, educational providers and community organizations supported the business community and job seekers like Malena through the darkest days of the recession. The San Bernardino County WIB learned valuable lessons and shared its innovative programs and strategies with other workforce investment boards.