



Workforce initiatives  
transform displaced  
workers  
into coveted  
employees.

# SWITCHING GEARS LEADS TO NEW CAREERS

By Michael Laff

**THE BLUE-COLLAR  
MILL TOWN OF  
KANNAPOLIS,  
NORTH CAROLINA  
WAS REELING FROM  
ECONOMIC SHOCK  
FOUR YEARS AGO.**

During the summer of 2003, Pillowtex—a textile manufacturer and the area's largest employer—closed its doors, leaving some 4,000 people out of work. Many residents lost the only jobs they had known.

As the largest single layoff in the state's history, the plant closing

reverberated across the state. While the company informed state commerce officials prior to the shutdown, it did not file the required notice of mass layoffs.

The "Pillowtex experience" as Beth Lucas, a senior policy analyst with the North Carolina Commission on Workforce Development described it, served as a wakeup call to the state's workforce development arm.

"That was the turning point," Lucas says. "We had lost manufacturing jobs before, but this time, it was clear to us that these jobs were not coming back. Everyone in workforce development had to come together to figure out what to do differently."

# Retraining workers to make a smooth transition from a graying, labor-intensive industry into an alternative, labor-hungry sector is one of the greatest challenges workforce officials will confront in the next decade.

A new biotechnology research center, founded by the owner of the former Pillowtex plant, is scheduled to open in Kannapolis at the end of 2007, but former employees are concerned they will not have the kind of skills that the center is seeking. Many do not possess a high school diploma. In preparation for new workforce demands, the local community college, Rowan-Cabarrus, is developing a biotechnology curriculum.

Retraining workers to make a smooth transition from a graying, labor-intensive industry into an alternative, labor-hungry sector is one of the greatest challenges workforce officials will confront in the next decade. North Carolina is not alone. States that were hit hard by massive layoffs, such as Michigan and Virginia, are scrambling to provide retraining by forming rapid-response teams that combine the vocational expertise offered by community colleges with state-level employment counseling.

## Labor lost

In the past, recently displaced workers were viewed as a drain on the economy because of unemployment claims, the struggle to access healthcare, and the need to reduce their spending. With the advent of numerous federal and state workforce initiatives, attempts are underway to transform lost labor into an asset, albeit with unknown results. Some states, notably Michigan, have helped workers in the distressed auto industry land jobs in nursing, a field with a chronic labor shortage.

Among the recent initiatives in North Carolina are quarterly grants for incumbent training offered to employees in a multitude of industries from healthcare to boating and die casting. The purpose of the grants is to keep workers competitive and keep key industries from leaving the state, according to Lucas.

The transition sounds simple, but the initiative required substantial retooling at every affected institution. Employers need to cooperate without competing for potential workers. The issue is greater than putting people

back to work because local and state officials are awakened to the potential that untapped labor has for greater economic development.

There have been a number of successful initiatives at regional and state levels, but overall results are yet to be determined, according to analysts.

"The results are mixed now," says Phyllis Eisen, senior vice president of the Manufacturing Institute in Washington, D.C. "It seems easy to take somebody from aerospace and place them in biotech, but it's very hard to apply one set of technical skills to another sector. There's a huge amount of activity around the country, but we don't have any kind of baseline measurement."

## The Michigan model

Given the continuing layoffs in the automotive sector, Michigan officials have steered displaced auto workers into nursing, which is plagued by a chronic labor shortage. Oakland University recruits auto workers into a one-year, fast-track nursing program. Upon successful completion, participants can obtain employment with St. John Health, the largest health network in Detroit.

The first fast-track class graduated this summer. Of the 38 students participating in Oakland University's program, 29 will work for St. John. The health system offers participants a loan forgiveness benefit whereby all tuition is waived as long as the individual commits to work at St. John for a specified number of years.

Participants do their clinical rotations at one of St. John's health centers. Jim Flanegin, director of corporate workforce planning at St. John, says that despite the condensed schedule, he does not believe graduates are any less prepared.

"They already have a degree," Flanegin says. "They have already been working. They are more mature, and it is easier for them to learn and retain knowledge. The content of the program is the same, and in the end, they have to pass the nursing exam."

The thought of transitioning auto workers to work in bedside care may

appear to be an odd pairing, but there are a number of sectors that could provide a similar link. Jamie Hale, a Dallas-based workforce planning practice leader for Watson Wyatt, points out that the technical skills auto workers possess provide an ideal match with lab technicians, a job that does not require patient interaction.

Hale worked with healthcare providers in Michigan to prepare auto workers for work in nursing. She met with California healthcare providers recently to discuss a similar strategy to recruit nurses to the state. She cautions that while the transition in Michigan may seem natural, it is difficult to launch a workforce initiative to address future needs without a sense of urgency.

"It could be a template, but it's not a cookie cutter," Hale says. "When there's a burning platform on both sides, that puts energy behind it. You have to have a situation that brings it about."

Hale says that for such ambitious initiatives to work, there needs to be collaboration among entities normally in competition with each other. One-time competitors need to acknowledge that they will all gain from a joint effort. Workforce planners need to think more broadly, she says, to match skilled labor with other fields experiencing a shortage such as accounting and information technology.

## **IBEST**

Hiring managers frequently criticize universities for not preparing students to function in the business world. One innovative program in the state of Washington, called IBEST (Integrated Basic Education and Skills Training), is attempting to reverse that trend by creating a curriculum that allows participants to receive the necessary training for jobs in fields as diverse as nurse assistant, hospitality, corrections, and welding. Now completing its first year, it is highly praised by workforce analysts as a model for combining the career training needs of job seekers with employment availability in each county.

Upon completion of the one-year certificate program, participants acquired enough preparation to obtain a job in their chosen field at least at the entry level with the potential to return for additional training. Washington's program is believed to be the only training regimen of its kind that is implemented across an entire state.

Before a program is accepted, college officials work in tandem with employers to include skills to make participants competitive. Many career tracks include internships and job shadowing.

The target population is the under- and unemployed, and the minimum age for participation is 16 years old. About 500 students are currently enrolled.

"It is skills-based and very pragmatic," says Kristin Ockert, an IBEST program administrator for the Washington State Board for Community and Technical Colleges. "One of the requirements

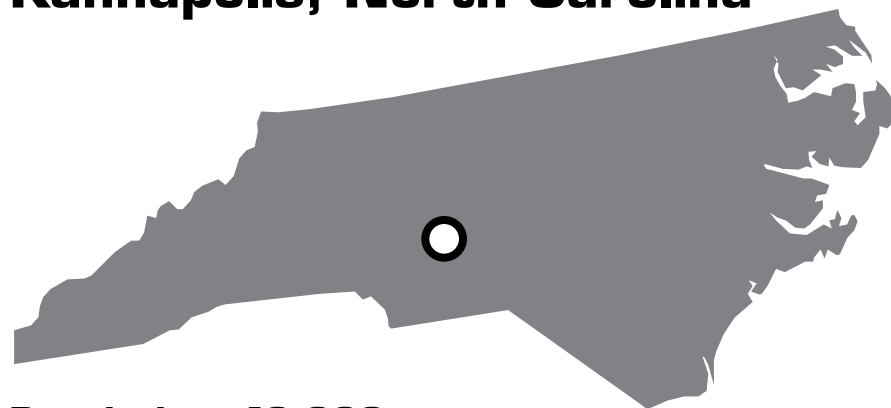
for participating is that it is part of a career pathway. It cannot be a short-term certification."

For many, the idea of workforce development is reserved for manual labor or other unskilled jobs, but recent economic cycles have revealed that white-collar fields are just as vulnerable to retrenchment.

One successful retraining initiative was the Metro Tech program for Internet and technology services workers that encompassed a 50-mile radius around Washington, D.C. Many who lost jobs during the Internet bust were considered highly qualified, but local employers indicated that they were seeking Java specialists. The U.S. Department of Labor earmarked \$20 million over four years to retrain workers in Java.

At its conclusion, 3,000 individuals were trained and 95 percent were placed in new positions, according to C. Michael Ferraro, president of Virginia-based Training Solutions. In

## **Kannapolis, North Carolina**



**Population: 40,000**

**Major employer: Pillowtex**

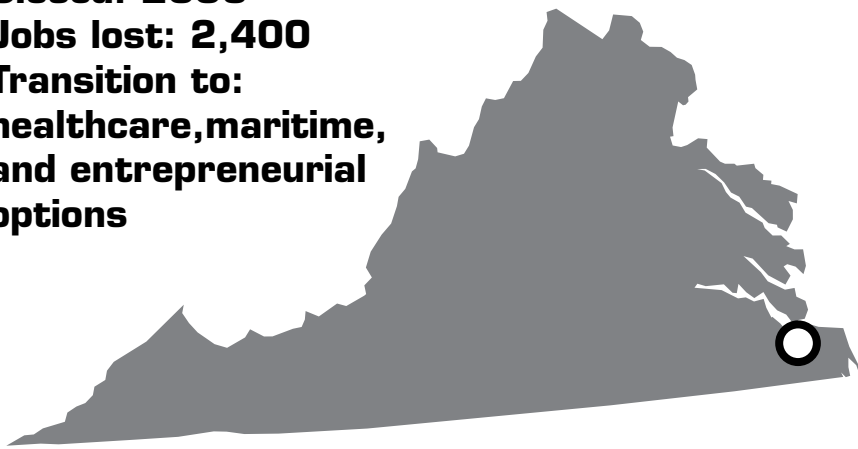
**Industry: textile**

**Closed: 2003**

**Jobs lost: 4,000**

**Transition to: biotechnology options**

**Population: 229,000**  
**Major employer: Ford Assembly Plant**  
**Industry: auto**  
**Closed: 2006**  
**Jobs lost: 2,400**  
**Transition to:**  
**healthcare, maritime,**  
**and entrepreneurial**  
**options**



## Norfolk, Virginia

the end, the only drawback was the department's decision to discontinue funding, he says. He emphasizes that businesses need to be involved in retraining initiatives before dollars are spent to ensure that the project meets the needs of area industries.

### College bonds

Community colleges are emerging as the vital link between workforce initiatives and employer demands because they often design entire curriculums to train potential employees for work in a single sector.

Recent labor statistics in Ohio reveal that there are more than 1,000 unfilled jobs in the state's biotechnology sector from entry-level to PhD-required jobs. Five years ago, students at Cuyahoga Community College who were interested in biotechnology could not find a single course in the field. Today, however, there are 10 course offerings. A similar rebirth is occurring in welding, once considered oversaturated. The pending retirement of many welders is renewing demand.

Ohio, another state reeling from job losses in the automotive sector, is home to a number of state-sponsored training initiatives, but there is a need for a fuller commitment, especially from the private sector to prepare or retrain the labor pool to meet the needs of the local economy.

"In pockets they're doing a lot," says Vera Lewis-Jasper, executive director of sales and marketing at Cuyahoga Community College's corporate college. "On a larger scale, they're not doing enough. A lot more could be done."

The state launched a high-growth training initiative to coincide with the opening of a Honda parts manufacturing plant in Marysville, Ohio. The state is home to many small manufacturers who now must train their employees in advanced manufacturing techniques to bid on Honda's contracts, according to Lewis-Jasper.

"Fifteen years ago you could walk into a Ford plant with a high school diploma and get a job," Lewis-Jasper says. "You can't go to Honda today and

get the same job. They require a two-year college degree at minimum."

In contrast with other fields, nurses are in short supply nationally, and the competition to hire is intense among healthcare providers. The shortage is especially acute in Illinois.

"The hospitals said we weren't doing enough," says Sunil Chand, president of the College of DuPage.

Within the last three years, the suburban Chicago-based college has served as a regional facilitator to tackle the nursing shortage. Hospital officials, university representatives, and healthcare providers met on campus to discuss ways to increase the nursing pool.

There was a real need for clinical placements for students to acquire experience so a single office was established to match students to hospitals with available slots.

Now the college offers a wide range of courses covering clinical topics—from interpreting electrocardiograms to end-of-life care—and even a train-the-trainer course as a precursor to establishing a certified nursing program.

### Skeptical eye

Retrofitting the workforce in pursuit of the next economic wave draws skeptics who question whether retraining initiatives focus too heavily on particular industries that are hiring rapidly. Workplace analysts caution that government-sponsored training initiatives often privilege fast-growing industries that have yet to show long-term stability, such as biotechnology or aerospace, which rely upon procuring government contracts.

"We live in a fast-moving, disruptive economy," says Graham Toft, a Florida-based economic consultant. "It's difficult to prepare people for any new activity. Economic development and workforce officials often pick winners in the buzz industries."

Toft believes that workforce planners may be too eager to transition away from manufacturing when the industry is not dead. He also suggests that retraining efforts should prepare workers to be more agile by teaching

them to learn “employability skills,” such as being on time, learning to learn, and thinking strategically.

Mike Tanner, director of health and welfare studies at the Cato Institute in Washington, D.C., says that many individuals who were the beneficiaries of the Job Training Partnership Act of the 1990s were discovered to be less qualified than when they began training because the time required to obtain training outside the workforce rendered them less competitive candidates.

“I’m sympathetic to displaced workers because there’s no effective solution,” Tanner says. “But I’m skeptical of government programs, although the private sector hasn’t offered any solutions either.”

Where workforce transitions have succeeded, local workforce investment boards worked in tandem with the area’s major employer and an educational institution. In the San Francisco area, material handlers who lost jobs in the aviation industry were retrained to work for Genentech, a large biotechnology company in San Mateo, California. The 12-week certification was launched in 2003. More than simply filling out an application and attending class, participants completed assessment tests and lengthy interviews.

Flexibility is also a necessity. Genentech dropped some of the educational requirements for particular jobs, finding them to be unnecessary for the positions. It also offered paid internships.

“If the initiative does not have deep knowledge of the industry in terms of the skills, knowledge, and certifications required, it can fall apart easily,” says Jack Mills, director of the National Network of Sector Partners in Oakland. “It takes a lot of research and design. If it is done right, it can be successful.”

### Virginia storm

Long-time employees of the Ford Assembly plant in Norfolk, Virginia, can empathize with the plight of Pillowtexas workers. The Ford plant in

Norfolk closed its doors earlier this summer, leaving 2,400 employees out of work. When the closure was announced last year, many Ford employees received a generous severance package that Pillowtexas workers did not.

The initial reaction mirrored the panic that occurred in North Carolina. Virginia Governor Tim Kaine called for the creation of a coalition to help employees transition to new careers. The area’s four community colleges were expected to join forces with the state’s employment commission to avoid duplicating efforts.

“Some jumped into jobs and found they couldn’t support themselves,” says Mary Greer Landon, associate vice president for workforce development at Tidewater Community College.

With the \$100,000 severance in hand, some Ford employees considered starting their own businesses. The community college hosted a small business seminar, which was wildly popular. Several plant employees were pursuing a journeyman credential at the plant. With the plant closure, many would have had to start over had the college not established a program to allow them to complete the training.

Regular meetings called “switching gears” are scheduled to allow employees to update their résumés while meeting with career counselors over pizza. The community college expanded its AutoCAD software program for individuals interested in the field. Comprehensive data on placement is unknown, and an initial assessment of the collaboration is due later this year.

Even as United States auto manufacturers are closing or consolidating, others—especially European and Japanese automakers—are moving in, notably to states in the Deep South. Owing to their leverage as major employers, large corporations expect communities to provide fully trained workers and an ongoing regimen to upgrade their skills.

“Human capital is increasingly being viewed as a fundamental component of economic development,”

**“If there is not deep knowledge of the industry in terms of the skills, knowledge, and certifications required, an initiative can fall apart easily. It takes a lot of research and design.”**

**—Jack Mills  
National Network of  
Sector Partners**

Mills says. “More and more, economic development officials are realizing that the systems to produce workers are the major reason companies decide to expand or relocate.”

For communities hit hard by mass layoffs, a crisis today may help government officials and economic development advocates be better planners in the future. With the ongoing shift in industry demographics, there will be no shortage of opportunities to put workforce planning into practice. Another large plant closure is already on the horizon in North Carolina where the Philip Morris plant in Concord announced it will close in 2010. **T+D**

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