

Award of Excellence

Category: Economic Development Programs

Applicant: Manex Consulting

Partner: Alameda County WIB

Name of Project: ACWIB and Manex Consulting Business Assistance Program

Synopsis: Manex and Alameda County Workforce Investment Board (ACWIB) first partnered in 2010 when NUMMI announced the shutdown of their plant/facility. The program was to assess 38 suppliers in the Bay area and the effect the shutdown would have on them. Of these 38 only four remained in operation. By using Workforce Investment Act (WIA) Formula I funds from the Department of Labor, we were able to train over 400 employees, including the “dislocated workers” in Lean Manufacturing skills that helped them find new jobs or advance their career potential with their current employer.

1. Describe program.

In 2011, Solyndra closed their doors and we went through the same program with a smaller subset of suppliers. In 2012, we developed a Business Assistance Program, that used a multi-pronged approach to assist troubled companies that were on the verge of collapse; one prong utilized WIA funds and was at no cost to the company named the “Scholarship Program” and the other was an assistance program that offered the usage of Employment Training Panel (ETP) funds to reduce the companies out of pocket costs. ACWIB received an ETP award of \$500,000 to be used to help all companies reduce their out-of-pocket training costs. Since the 2012 implementation of the BAP program, we have:

- Worked with eight troubled companies, which are all thriving businesses today
- Worked with an additional 75 companies using a combination of ACWIB and Manex ETP funds
- Evaluated every company through the Business Assistance Assessment program that was 100% funded through WIA funds

In addition, we partner and support East Bay Economic Development Centers (EDCs) (required by WIOA) to reach out to the community to provide the services needed for their members. The Economic Development Centers (EDCs) are critical links to providing input for new companies coming into the community as well as when companies begin to see the first signs of trouble. The EDCs are a vital conduit between the Workforce Investment Boards and the Manufacturing Extension Partnerships (MEPs) and this partnership is a proven success in the East Bay. The City of Fremont Economic Department has been a fantastic partner and supporter in saving as well as growing their manufacturing base. The Business Assistance Program has been a great partner to all the cities in Alameda County and companies in each city have benefitted from it.

2. What impact has the program had on employment, expansion of local tax base & diversification of the area's economy?

The impact has been huge for the companies we have worked with:

- We completed 122 formal business assessments
- We completed 68 specific projects resulting in 59 companies completing surveys documenting the impact of the programs undertaken. The following results were documented through the survey process:
 - \$165MM in new sales
 - 77 new jobs added
 - 234 jobs saved
 - \$19.6MM of sales retained
 - \$3.7 MM in cost savings realized
 - \$12.9MM in plant IT, infrastructure and plant improvements
 - \$1.9MM in avoided costs due to gains in efficiency

This program has been emulated by California Manufacturing Technology Consulting (CMTC) and Pacific Gateway in Long Beach and can be applied to all 51 WIBs and their respective city EDCs in California. The beauty of this partnership is we all bring strengths to the table and by pooling our strengths we have been able to offer many options for companies to choose from. For example, for those companies that were in distress, ACWIB funds covered the costs of revitalizing their business, and those that were better off financially were able to use generous amounts of ETP funds to reduce their training costs. Each program was customized for each company based on their need.

3. How has the program demonstrated innovation/creativity & what aspects of it could be replicated in other communities?

The current Business Assistance Program is a truly “forward focused assistance program” that helps companies before they are in such despair that they decide to close operations or lay off workers. This is when the true benefits of the partnership come into being. As part of the Workforce Innovation and Opportunity Act (WIOA), WIBs are expected to take a proactive layoff aversion approach and work with organizations like the MEPs to assist companies before they reach a crisis situation. The model is simple. First a fairly in-depth fiscal and business assessment is completed. Many companies are reluctant to share their financials or go very in-depth in areas that are causing them problems. Many privately held companies will not share their salary or profitability amounts so the onsite visit and tour of the facility become a critical part of the assessment. Secondly, a report with recommendations for improvement is provided and then the company has to decide whether to engage in the process. Small businesses that need support in order to keep operations running are deemed Scholarship companies. If these companies decide to enter the program, they must adhere to the WIOA funding terms, such as following the enrollment process and documenting training and results. Together, ACWIB and Manex worked with eight troubled, Scholarship companies in Alameda County, successfully turning them into thriving entities that flourish today. Companies that were not part of the Scholarship program were provided fee-based assistance with ETP funds being used where possible to reduce costs.

The partnership started out as a retraining tool for affected workers primarily in the supply chains of NUMMI and Solyndra. Manex was awarded a contract to train both dislocated workers as well as workers in the remaining supplier companies by ACWIB and help them acquire new skills that would allow them to find work quickly with new companies. In 2012, with the Business Assistance Program in place, the shift continued to be on training, with a

larger emphasis on the health of the business in general. Manex was awarded successive contracts each year since 2012, for additional assessments and/or BAP programs. The business assessment process centered on the Rapid Response Format and was created to document the findings of the assessment and became the body for the final reports and recommendations that were provided to both the client company and to ACWIB. Companies that were deemed to be Scholarship candidates were approached and if they agreed to participate in the program, would follow the protocols for the WIA layoff aversion process. Manex would then create a proposal for improvement to address the needs of the company, implement the program and six months after the completion of the program, surveys were sent out to the companies to document the impact of the efforts.

4. What are the program's noteworthy contributions to the field of Economic Development?

As stated above, the impact has been huge for the county, cities and the companies we have worked with. If we analyze the Economic Development impact for the 77 new jobs and 234 retained jobs, it is not just the income retained or added to the city and county but there is a significant impact due to the multiplier effect. Typically the multiplier for manufacturing companies range from four to eight jobs supported for each job in manufacturing. In some cases, this can be as high as ten. If we use six as the average multiplier and focus on new jobs created (77), this would equate to an additional 462 new supporting jobs in the community. Average manufacturing wages in Alameda County are \$88,000 per year. The 77 new manufacturing jobs added provided \$6,776,000 in additional income and increased the tax base. Using the jobs multiplier, an additional 462 new jobs are created with an average pay of \$40,000 per year, adding \$18,480,000 in income to the community as well as the realized tax base increase to the city, county and state.

5. Describe program achievement in obtaining its stated objectives & cost effectiveness

The original contract between ACWIB and Manex was to train 320 employees from the four remaining NUMMI suppliers. The program exceeded this request and reached out to 430 employees receiving training and certifications for the classes they attended. After the Solyndra closure, we created a targeted list of 365 manufacturing companies with between 50 to 125 employees. This represented the highest concentration of employees for the county based on company size. Our belief was this was the group most susceptible to layoffs or potential closures. We were able to complete all 50 Business Assessments from the Phase 3 agreement. The summary reports showed that sales were flat to declining for these businesses and there were real potentials for layoffs if the businesses did not receive some help. The final summary report showed that there were over 150 fewer employees employed in these 50 companies than from the previous year verifying the need for help. Eight companies received 100% paid assistance as part of the ACWIB Scholarship Program. The Business Assistance Program was designed specifically for the companies that were identified as either just having a layoff or were planning for one in the near future. The program used a combination of WIA funds and ETP funds where possible to pay for the training and improvement programs. To date, all of these companies are thriving and many of the owners have attested to the power and impact of this program at quarterly ACWIB Board of Directors meetings. The program is cost effective and it works. The survey results mentioned above bear this out.

The first two contracts with ACWIB (called Phase 1 and Phase 2) were for the NUMMI and Solyndra closures. Each contract has a formal business arrangement for each phase of the work.

Each phase has stated objective(s) with deliverable(s). Monthly progress reports were created detailing work in process for each client as well as the percentage of completion for the tasks. Contracts P3 through P6 were the Business Assistance Programs. Each phase was typically one fiscal year (July 1 – June 30). Marketing materials were co-developed to promote the programs. Manex utilized a telemarketing firm to make the initial calls to the target list of 365 companies that resulted in 87 total assessments during the P3 through P6 programs. Each month we provided a status update for the progress in the programs. Each Scholarship candidate has a separate Statement of Work that becomes the contract for that company due to the Rapid Response language that we needed. When companies announce a lay-off or closure then ACWIB responds with what is known as a “Rapid Response” orientation to talk with the workers about benefits and services available to them as dislocated workers.” The non Rapid Response assistance projects were developed based on the summary of findings from the assessment and a statement of work was submitted to ACWIB. Quarterly summary reports were provided as requested. Periodic updates were also provided at the ACWIB Board of Directors meetings where a summary was presented to the board and the general public in attendance. In several cases, we had the owners of the Scholarship Companies attend the meeting to give their perspective of the program and the impact that it had on their business.

6. Please attach up to 3 web site links which are relevant to your program (optional)

No longer available

7. Please attach up to 3 photos or power point slides (no more than 8 slides) which are relevant to your program (optional)

Please see the two pictures below and attached Powerpoint Presentation.

ACWIB and Manex

BUSINESS PERFORMANCE PROGRAM

NO COST Comprehensive Business Assessments

- Enhance competitiveness in the marketplace
- Prioritize improvement projects
- Set performance targets
- Quantify opportunities to reduce costs, maximize profitability and improve customer satisfaction



The Alameda County Workforce Investment Board (ACWIB) has created a proactive program of Business Performance and Job Creation and is identifying companies that would benefit from participating in a comprehensive business assessment, and who would be enthusiastic about completing projects to enhance their competitiveness. The Corporation for Manufacturing Excellence (Manex) is assisting ACWIB with this program.

ACWIB and Manex are developing a list of target companies in Alameda County that may most benefit from this service. Companies wishing to participate will be assisted by ACWIB in completing an application. The program will be limited to 75 responding companies that have complied with the application process and have been approved by ACWIB. Manex will begin the "Rapid Response Assessment" service, following the prioritized list and company availability. The program is expected to run through June of 2015.

ACWIB offers employment training, education, and economic development services to job seekers and employers in Alameda County. ACWIB is composed of business, civic, education, labor, and other community leaders and is appointed by the Alameda County Board of Supervisors.

Resulting project activities could include:

- Workforce training programs tailored to individual company's needs
- Business strategies
- Enhanced operational efficiencies
- Quality systems
- Focused sales and marketing

If you are an Alameda County company who would benefit from this program, please contact Manex at 925.807.5112.

This WIA Title / financially assisted program or activity is an Equal Opportunity Employer Program. Auxiliary aids and services available upon request to individuals with disabilities.

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VINTAGE 99 LABEL

Vintage 99 is a manufacturer of custom labels for wineries and specialty food manufacturers. The company utilizes offset printing, flexographic printing, digital printing and foil stamping to manufacture bottle labels and neck sleeves. Vintage 99 has nationally-recognized technical capability, having won several of the most prestigious awards in the printing industry for both design and technical execution.

"From our first kickoff meeting with Manex, our Customer Service and Sales departments were given all the tools and support they needed to systematically break down each step of our estimating and order entry processes using DMAIC. Our Manex consultant did a great job of guiding our internal team but at the same time, encouraged us to begin using the tools he was teaching us for ourselves right away. We began our training with a time reduction goal of our estimating process and by the time we moved onto our order entry process, every person on our team was able to systematically identify redundant steps, wasted time, and inefficiencies within our current set of tools."

- Brian Lloyd, Sales & Marketing Director

Implementation of Lean principles leads to 50% reduction in quote times!

Situation

Vintage 99 was motivated by market pressure to reduce their median order entry lead time to 24 hours. Despite the extreme seasonality of wine making, winemakers are typically very time-conscious and want to receive quotes for packaging components in a very short time frame. The reasons for this are directly related to the fact that most wineries do not own their own bottling facilities. Rather, they usually rely on mobile bottling services that operate on very tight schedules. When we first began our discussions with Vintage 99, their mean quote lead time was over 72 hours and the company was losing business as a result.

Solution

Manex used a proven, tailored Lean/Sigma approach that merges lean manufacturing process analysis and improvement methods with the Six Sigma DMAIC framework to identify and reduce forms of waste in the order quoting process. Manex assembled a team of Vintage 99 employees which included sales, layout and printing, graphic design, purchasing and management functions. Each one of these functional areas was responsible for activities that directly affect the lead time for quoting production work. The order entry process was mapped and the major process components were segregated and individually subjected to analysis. Project activities included:

- Developing KPIs to sustain and measure improvement
- Introducing process metrics and continuous data collection
- Cost-of-quality tracking
- Data trend tracking
- Team kaizen activities to implement identified solutions
- Restructuring of approval authority to reduce bottlenecks

Results

As a result of the process improvement initiatives, Vintage 99 improved its order entry and quote time performance by a factor of four. The company has significantly improved its strategic marketing position, and should be able to capture a much larger slice of the \$75MM wine label market.

Specific results included:

- 37% week-to-week reduction in docket error impact
- 50% month-to-month reduction in quote times
- Annualized docket error improvement equal to 2% of sales

