

Revitalizing Central Western Maine's **E**conomy

by Jennifer DeChant
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Nationally, the manufacturing industry is undergoing serious structural change. Companies are consolidating. Firms are relocating. Factories are modernizing. The result is a dramatic decline in manufacturing employment and the erosion of the traditional job base for many American communities.

These struggles are magnified in the Kennebec and Somerset counties of inland Maine. Here, the economy has historically relied on mature industries such as pulp and paper, shoes, textiles, and wood products. Most of the residents are blue-collar workers, and many have spent their entire career working at the same small manufacturing firm. In the past ten years, shoe and textile plant closings, factory downsizings, and large layoffs in wood products manufacturing have hit this area hard.

These communities are now struggling to rebuild their economic base, and many of the area's dislocated workers cannot find jobs that replace their level of lost wages and benefits. Employment options are limited, and when opportunities are available, workers often lack the skills they need to secure these jobs.

Maine's Kennebec and Somerset counties are the focus for the economic development efforts of the Progressive Alliance for Careers and Training.

The Progressive Alliance for Careers and Training (PACT) is addressing these challenges. PACT is an alliance of economic and workforce development professionals who are working to promote business development, job creation, and job access in Maine's Kennebec and Somerset counties (see sidebar on page 16). PACT has identified three industries—small-scale manufacturing, health care, and information technology—as strategic areas for building a sustainable economy with high paying jobs. Administering funds for skills training and technical assistance, PACT has made headway in each of these sectors.

Small-Scale Manufacturing

In 2000, Richard Casey took his 15 years of experience in wood products manufacturing and started AM Wood Designs, Inc., in his hometown of Bingham in western Maine. That same year, he saw two area mills close and another destroyed by fire. These events put nearly 200 people out of work in a town of only 1,200 and started a ripple of job losses in this commercial and employment center of northern Somerset County.

Despite the bleak economic outlook, Casey had a strong belief in his community's ability to survive. With a commitment to quality employment, Casey knew that his business' ability to provide even a small number of good jobs would be important for the future of Bingham.

Today, Casey employs 14 machine operators and assemblers and operates a growing business supplying wood products to the unfinished furniture and craft marketplace. Getting to this point was not easy. When he started, he had just a shell of a building, and his manufacturing process was far from efficient.

The company's production method focused on projected sales, rather than pulling from actual purchase orders. The result was unnecessary material handling, a clogged production line, excessive inventory, and severe cash shortfalls. AM Wood could not meet its truckload goals from week to week.

The situation became critical. Business had to be turned away because of a lack of cash flow. Break-even goals could



PACT-sponsored training has made a big difference for Richard Casey, owner of AM Wood Designs in Bingham, Maine.

not be met. Casey knew that he needed to re-engineer his plant and re-train his workforce in order to stay afloat. Unfortunately, he could not meet the costs associated with internal training, and he could not afford any production downtime. "We simply could not afford the cost of the labor, materials, and process improvements necessary to increase our volume," explains Casey.

Looking for ways to cure his company's production problems, Casey attended a PACT-sponsored training program, Time Wise Lean Manufacturing, conducted by the Maine Manufacturing Extension Partnership (MEP). Here, he learned valuable new production management techniques, including strategies for meeting production goals with limited, or lean, resources.

The new techniques made a difference, but it was not enough. As Casey explains, "After my training, productivity improved almost immediately, but we were still having trouble meeting our weekly goal. We were not moving fast enough toward the lean methods." Casey realized that his workers needed training of their own.

At its January 2003 meeting, the PACT board reviewed Casey's case and approved a \$10,299 grant from a fund earmarked to help small businesses reorganize and train employees. With this money, plus a \$10,000 rural development grant secured by Maine MEP, Casey's entire workforce received on-the-job training. The customized training helped AM Wood's employees set up an effective production schedule based strictly on customer purchase

orders—not on speculation of what demand would be. Now, daily production is managed in a "first order in, first order out" method.

The results have been dramatic. "In a number of the weeks following the onsite training and the implementation of the improvements, we came very close to meeting our goal," exclaims Casey. "And, just recently, we surpassed it!"

PACT was instrumental to this success, Casey believes: "I don't believe we could have achieved these goals in time to save the company without PACT's help to finish the training we started."

Health Care

PACT tagged the health care sector as one of its strategic growth areas because of the industry's livable wages, benefits, and career ladders. Moreover, PACT could see that central Maine's hospitals desperately needed skilled registered nurses (RNs).

Recognizing that it is difficult for the area's unemployed to enter the RN field because they must first pursue a four-year degree in nursing, PACT's health care subcommittee, HEALTHPACT, advocated the development of a licensed practical nurse (LPN) program. Unlike RN training, LPN training can be consolidated into one year, expediting the dislocated worker's return to the workforce. The new LPNs can be placed into good jobs and are on track to becoming registered nurses.

PACT Combines Labor and Business Interests to Foster Economic Growth

In Maine's Kennebec and Somerset counties, an alliance of economic development and workforce development professionals is working to promote business development, job creation, and job access. The Progressive Alliance for Careers and Training—PACT—finances skills training and technical assistance to help rebuild the economies of these distressed communities. Funded by a \$1.4 million grant from the U.S. Department of Labor, PACT was established in 2002 and is administered by Coastal Enterprises, Inc., a nonprofit community development corporation in Maine.

According to Kathleen Kearney, co-chair of PACT's board and a senior program officer at Coastal Enterprises, "PACT's objective is to stabilize businesses, retrain workers, and create new jobs in a region hard hit by layoffs, plant closings, and a general economic slide. By providing financing for business assistance and skills development, the local economy can be improved."

PACT has brought together key parties to meet this goal, constructing a board that includes representatives from the Maine Department of Labor, the workforce development sector, private industry, economic development groups, educational entities, and business assistance organizations. Critically, the well-diversified group bridges a gap between workforce development and economic development professionals.

Opposite sides of the same coin, workforce development groups promote workers' interests and strive to preserve employment. Economic development organizations, on the other hand, aim for policies that will benefit local businesses. PACT hopes that a greater level of cooperation, planning, and collaboration between these two parties will lead to solutions that address both the labor and the business needs of these struggling communities.

"Too often workforce development has had to be reactive to economic development," says Bryant Hoffman, co-chair of PACT's board and executive director of the Central/Western Maine Workforce Investment Board. "PACT has brought these two interests together at the same table. People are talking to each other that weren't doing so previously."

Once established, the leadership of PACT quickly identified three strategic sectors of sustainable employment growth within its service area: small-scale manufacturing, health care, and information technology. However, the local workers' skill sets were not in line with these industries, and training resources in these sectors were scarce. The health care and information technology fields were relatively new employers in this area, and little training infrastructure was in place. In manufacturing, while laid-off workers were sometimes eligible for federal Trade Adjustment Assistance, resources had generally not been available to help incumbent workers update their skills to avoid layoffs.

To best address these training and development needs, industry representatives from each of the three fields were brought into the alliance, and three subcommittees were formed to tackle the challenges in each sector. Charged with finding the best uses of PACT dollars, the subcommittees identified solutions and developed strategies to promote effective training and technical assistance.

Previously, remembers Hoffman, "When a company announced a closing, we worked to reduce the implications of that action. Now, PACT can work proactively with companies to avoid this drastic outcome. We can provide funding for training and give companies a chance to re-engineer."

Originally conceived as a two-year project, PACT's funds will be exhausted by September of 2004. However, encouraged by the program's success, Coastal Enterprises is advocating for additional resources through the local and state legislative process to replace the U.S. Department of Labor's funding. PACT is also developing a structure that, in the future, will help industry groups pool resources and minimize individual company's training expenses. Moreover, the key to PACT's long-term success is the lasting relationships that are now being forged among economic developers, workforce training providers, government, and private industry. It is anticipated that this important partnership will remain in place well beyond the initial grant period.



Licensed practical nurse training, sponsored by PACT, addresses central Maine's nursing shortage and gives dislocated workers a path to quality employment.

To develop the LPN program, HEALTHPACT met with representatives from the local hospital in Skowhegan and the president of the Kennebec Valley Community College. They brainstormed approaches to best meet the various needs of the hospital, the potential students, and the trainers. "The obstacles, such as recruiting instructors and the limited available funding, were not easy to address," says Kathleen Kearney, co-chair of PACT's board. "It took everyone working together with open communication and persistence."

Eventually, a plan was developed that all parties could buy into, and PACT approved \$129,000 in seed money for the LPN training program. The area's nursing shortage is now being addressed, and dislocated workers have an avenue toward quality employment.

Information Technology

PACT recognized that skill building was also the key to developing employment opportunities in information technology (IT). Feedback from both employers and employees underscored that a lack of practical skills and experience was one of the biggest barriers to entering the IT field for many Mainers.

PACT's IT subcommittee noticed that only a limited number of IT internships were offered in the area. Furthermore, most of these internships were in state

government and paid only a small stipend. Accordingly, PACT immediately began developing a private-sector internship program structured on the input of local businesses. Approximately 16 PACT-funded workers are now employed in these new internships and are becoming more marketable candidates for future IT jobs.

PACT's IT subcommittee also developed a guide to help workers in transition gain a better understanding of the complexities of the IT world, with specific information on what is going on in central Maine. *So You Want a Career in Information Technology—A Practical Guide to Understanding and Finding Computer-Related Jobs in Central Maine* provides practical information for workers and career counselors, including a variety of assessment tools to gauge potential aptitude for IT work.

Other Initiatives

In addition to the programs noted above, PACT is funding several other initiatives as it strives to develop a sustainable economy in Kennebec and Somerset counties. Such activities include the following:

- supporting e-commerce workshops and other classroom training;
- subsidizing the Edwin Marion Kauffman Foundation's FastTrac Planning program to help small business owners develop effective business plans; and

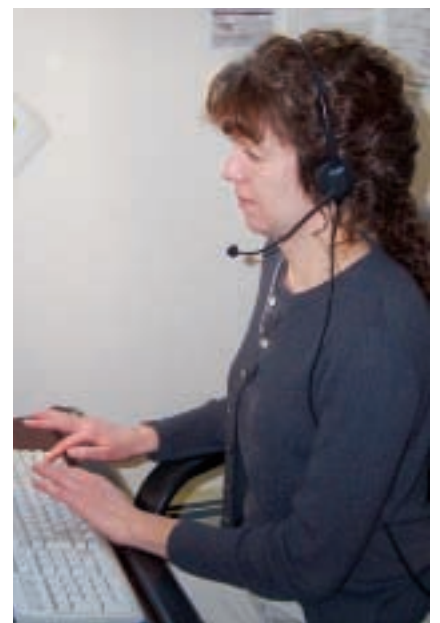
- funding various business counseling and technical assistance programs.

To date, PACT has helped train 244 individual workers and has had an impact on an estimated 100 area businesses.

To accomplish these successes, PACT has overcome substantial challenges. Achieving transparency and efficient decision-making often proved difficult because of the range of sectors and interests involved. Each of the three industries had an economic agenda and a complex political landscape that had to be navigated. In health care and information technology, PACT faced a steep learning curve as these newer industries required significant research in order to effectively identify gaps and target resources. And PACT learned that while it is relatively easy to train workers, it is a major challenge to train workers when constrained by money, time, and a sluggish economy.

Clearing these hurdles and forming a united front, PACT is helping communities in Kennebec and Somerset counties face head on the challenges of a shifting economic landscape.

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Information technology internships give workers the experience and skills they need to enter the IT field.