

Incumbent Worker Training Requirements

Layoff Aversion "At-Risk" Indicators

There are various strategies to consider when averting plant closures or business failures to ensure job retention. The first step in determining the appropriate layoff aversion strategy is to understand the "at-risk" indicators. In many cases, more than one "at-risk" indicator will apply or overlap between the indicators may occur. Below are some of the "at-risk" indicators Illinois has identified to determine if a business is in need of intervention.

It is important to note, that Incumbent Worker Training (IWT) should not be the only option or strategy to address layoff aversion. Consultation with industry experts, economic development organizations, labor organizations, workforce professionals, and other community groups should occur to determine other sources of assistance so that a comprehensive plan for layoff aversion is in place.

- ***Declining sales*** - A company has undergone or will undergo (must be confirmed) a significant loss in sales that puts part of their workforce in threat of layoff. Declining sales must be expressed in terms of X dollars or Y units for Z period of time (months or years) along with information that provides known or suspected reasons for the decline. When determining if a decline in sales is the cause of a potential layoff, have considerations been given to the industry as a whole, is the decline a percentage of the market, has product quality, production delays, or pricing contributed to the decline in sales, etc.
- ***Supply chain issues*** - A company loses a supplier or consumer that threatens the employment of part of their workforce or acquired a new supplier that requires new skills to maintain the workforce. Supply chain issues must be accompanied by an explanation as to why the change occurred, whether it was the supplier's choice to end the relationship or the company's decision to order from a different firm. When determining whether a supply chain issue will contribute to a potential layoff, have considerations been given to other suppliers' ability to provide same or like products, has the company considered alternative product(s) production and sales that would not require retraining of staff or layoff, can the new training required be conducted by the new supplier, etc.
- ***Adverse industry/market trends*** - The industry/market standards have changed to the point where new training is needed to retain the current workforce. Adverse industry or market trends are an occurrence that is from no fault of the prospective company. These may be the result of higher standards of construction materials, safety standards, or other factors that require a change in the methods a product may be produced or materials that may be included in the construction. When considering whether adverse trends may cause a potential layoff, has the company consulted with industry experts to determine if assistance is available to assist with upgrades to the manufacturing process or employee knowledge, contacted other companies in the industry to share upgrades in skills training or equipment, etc.

- ***Changes in management philosophy or ownership*** - A company has undergone a new approach to conducting business or new ownership requires new skills to maintain the employment of part of the workforce. Changes in ownership are generally the result of lack of profitability, but may also occur where a company is profitable, but not profitable enough (this level of profit may meet the profit requirements of another owner) or the current owners do not have the resources to take advantage of new business strategies. An owner may also pass away unexpectedly without a succession plan in place. New or changes in philosophies will generally accompany new ownership. Changes in philosophy may also occur when operations no longer meet their core business application or are viewed as excess capacity to their overall operations. When considering changes in ownership or philosophy as the cause of a potential layoff, has new ownership been determined (including such options as employee stock ownership plans), have alternatives been considered in the restructuring of the company that might reduce the number of layoffs, have community groups and labor organizations been involved in the discussions to lend their expert advice, etc.
- ***Worker does not have in-demand skills*** - A worker's skills or functions are no longer "in-demand" and they are at risk of losing their employment with the company without undergoing new training and acquiring new skills. A lack of in-demand skills may be the result of a change in philosophy or product line or a change in the industry demands that results in the need for new technologies and abilities by the current workforce. Products and production lines are ever changing as they adapt to the needs of the market. With this change comes a need for evolving of the skill set of the workers. When considering if the lack of in-demand skills is the cause of potential layoffs, has it been determined which workers have the ability to attain new in-demand skills, are there other considerations to be made with an increase in in-demand skills such as new equipment/machinery needs or safety devices, etc.
- ***Strong possibility of a job if a worker attains new skills*** - The workers are in a position that is subject to layoff, and by acquiring new skills training he/she can move into a position that is not subject to layoff. New skills attainment may avert a layoff for individuals within a company or may make them more attractive to other companies. When considering whether the new skills will provide a strong possibility to prevent layoffs, what considerations have been given towards where the positions would be moved (in-house or with a new company), does the company have the capacity to expand another line of product (new or existing) to support the workers subject to layoff, has the business community shown a need and capacity for additionally trained workers, are the workers willing to relocate if the new opportunities are with another location of the same company or with a new company in a different locale, etc.
- ***Other "at-risk" indicators*** - Additional causes for potential layoffs may exist that the company and local area need to outline in making a case for assistance for incumbent workers. These may be other criteria that the LWIA can gather with the consultation of the employer that puts part of their workforce "at-risk" for layoff (e.g., *trend in company layoffs*.)