

Long Island Regional Innovation Grant Project

Implementation Plan Recommendations

August 2009

Prepared for:
Town of Hempstead Workforce Investment Board



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EXECUTIVE SUMMARY

In 2008, the federal Department of Labor (USDOL) awarded a Regional Innovation Grant to the Town of Hempstead's Workforce Investment Board "to develop a regional innovation system that aligns economic development, education and workforce initiatives to provide better employment opportunities for workers." The Regional Innovation Grant is one of two components of *Connect Long Island*, the region's overarching economic transformation strategy. The other component is the 13-N project, which efforts to improve the region's competitive advantages and enable growth by focusing on the workforce supply, talent level and future pipeline within the advanced manufacturing sector (including the clusters of defense and aerospace, bioscience and pharmaceuticals).

The Town of Hempstead engaged CGR and Hofstra University to lead one component of the Regional Innovation Grant focused on *entrepreneurial strategies*. In a July 2009 report, the project team provided a review of strengths, weaknesses, opportunities and threats in Long Island's existing entrepreneurial development and support network. That report identified the industries that appear best-positioned to support entrepreneurial activity in the coming years; assessed the degree to which existing entrepreneurs are familiar with (and utilize) available resources in the community; and inventoried the network of available federal, state, local, private and non-profit small business resources in the region.

As part of the review of "weaknesses" and "opportunities," the report also identified areas where the Workforce Investment Board and its many public/private partners can work collectively to strengthen the entrepreneurial support network on Long Island. This report summarizes the project team's four primary recommendations to accomplish that goal. Together, the recommendations help yield a support network that:

- 1. Uses employee dislocation data more strategically to target prospective entrepreneurs;**
- 2. More aggressively informs and educates existing and budding entrepreneurs about what programs, services and funding opportunities are available and how to access them;**
- 3. Ensures One-Stop counselors have adequate training in available programs, services and funding opportunities regarding entrepreneurial activities; and**
- 4. Establishes a more effective up-front evaluation mechanism for potential entrepreneurs and entrepreneurial ventures.**

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REVIEW OF SWOT ANALYSIS

In July 2009, the project team of CGR and Hofstra University delivered to the Town of Hempstead's Workforce Investment Board a report documenting the strengths, weaknesses, opportunities and threats in Long Island's existing entrepreneurial development and support network. That report identified the industries that appear best-positioned to support entrepreneurial activity in the coming years; assessed the degree to which existing entrepreneurs are familiar with (and utilize) available resources in the community; and inventoried the network of available federal, state, local, private and non-profit small business resources in the region.

Strengths

The "strengths" of the region's existing entrepreneurial development and support network were found to include:

- An ample supply of training and financial resources and opportunities;
- Established programs like Small Business Development Centers and Entrepreneurial Assistance Programs that could serve as launching points for other targeted initiatives;
- A strong network of college- and university-based entrepreneurial and small business assistance programs dedicated to facilitating new ventures;
- Proximity to financial service dislocations in the Greater New York region that might provide a deep well of potential entrepreneurial activity; and
- A generally strong supply of potential entrepreneurs in terms of education, experience and skills.

Weaknesses

The primary "weaknesses" of the region's entrepreneurial support system were noted to include:

- A relatively low level of familiarity among current and prospective entrepreneurs about existing resources and their accessibility;
- Only limited use of publically-funded supports for enhancing and developing small businesses;

- A lack of detailed data to identify specifically which occupations are being dislocated within the regional economy, and as a result, no formal process for using data proactively to target entrepreneurial “marketing” efforts regarding available resources; and
- No formal process for evaluating potential entrepreneurs and entrepreneurial ventures.

Opportunities

A series of “opportunities” were identified to bridge the system’s strengths and weaknesses. Those opportunities included:

- Leveraging available data in a strategic, proactive way to better target entrepreneurial support efforts;
- A broad public education campaign to inform current and prospective entrepreneurs about available resources and how to access them;
- Developing an assessment and evaluation process to identify entrepreneurial ventures with the greatest potential to succeed, so that resources and investments could be targeted in a way that produces optimal return; and
- Equipping One-Stop counselors and other stakeholders to better serve entrepreneurs and dislocated workers who might consider entrepreneurial ventures.

Threats

Finally, the SWOT report identified “threats” to successfully capitalizing on these opportunities to enhance the region’s entrepreneurial support network:

- Funding to underwrite process improvements and public education/information campaigns, and
- Duplication/overlapping of resources that may spread money too thinly and weaken stronger targeted interventions.

PRIMARY RECOMMENDATIONS

Based on the findings detailed in the SWOT report, the project team has identified four primary recommendations to enhance the entrepreneurial support network on Long Island. The recommendations are intended to yield more strategic use of available data; more effectively educate the entrepreneurial community about available resources; identify entrepreneurial ventures with strong potential; and ensure that job counselors are positioned to advise customers regarding entrepreneurial possibilities.

Leverage data on dislocated workers to provide more targeted assistance

One of the most fundamental challenges for the Workforce Investment Board and its partners involves identifying unemployed, underemployed or dislocated workers who would most benefit from its programs and assistance. This is particularly important given that the SWOT analysis found only low-to-moderate familiarity with, and use of publically-funded supports for entrepreneurial activity in the region. To what extent might available data enable the WIB and its partners to *proactively* target dislocated (or soon-to-be dislocated) workers that might be best-positioned to benefit from its programming and assistance? Moreover, how might the WIB and its partners use data to target specific occupations that, as they are dislocated from the regional economy, may represent potential entrepreneurial ventures?

New York State's "WARN Act" may be a significant resource to these ends. The "Workers Adjustment and Retraining Notification Act," which took effect in February 2009, requires employers to notify the state Department of Labor and local workforce investment boards at least ninety (90) days prior to any dislocation event that will involve the layoff of twenty-five or more employees. The WARN Act is modeled on a similar federal law enacted in 1989, but goes further in applying the mandate to more businesses and requiring more notice time in advance of dislocation events.

Employers who violate the WARN Act are subject to penalty, including back pay to each affected employee at the average regular rate of compensation during their last three years of employment *or* their final rate of compensation, whichever is higher. Further, employers are liable for the value of the cost of any benefits to which the employee would have been entitled had his or her employment not been lost, including the cost of any medical expenses incurred that would have otherwise been covered under the employee's benefit plan.

From the perspective of the WIB and its partners, the data and information collected pursuant to the WARN Act represent a significant potential resource in targeting efforts to reach dislocated workers. In particular, certain data collected through the WARN notice process may provide even more targeted information on specific job titles and occupations – and therefore, skill sets – being spun off into the regional economy, so that the WIB and its partners might better direct entrepreneurial support efforts to dislocated workers.

Typically, WARN notice information is provided to the WIB in the form of a “dislocation event log,” as shown below. The event log displays the name of the affected employer, the type of event (*e.g.*, plant closing or layoff), contact/address and total number of affected employees.

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                                HEMPSTEADWORKS
LONG ISLAND REGIONAL INNOVATION - WORKER DISLOCATION EVENT LOG

AJM PACKAGING CORPORATION                11/21/2008 WARN
Event: PLANT CLOSING                    #Affected: 126 Total Empl: 0
Street: -
Town: St: Zip: Closing Dt: 01/19/09-01/31/09
Cmptr Dt: 12/19/08 Cont: Phone:

ANTARES INFORMATION TECHNOLOGY, INC.    12/26/2008 WARN
Event: PLANT CLOSING                    #Affected: 201 Total Empl: 201
Street: 1140 MOTOR PARKWAY-90 PLANT AVENUE
Town: HAUPPAUGE St: NY Zip:11788 Closing Dt: 12/08/08-
Cmptr Dt: 12/26/08 Cont: RON KRUPKA/ROBERT SCHILDKRAUT/D Phone: 631-234-5700

BH S&B HOLDINGS, LLC                    12/22/2008 WARN
Event: PLANT CLOSING                    #Affected: 70 Total Empl: 70
Street: 12 HARBOR DRIVE-
Town: PORT WASHINGTON St: NY Zip:11050 Closing Dt: 12/16/08-01/31/09
Cmptr Dt: 12/22/08 Cont: BRIAN KALMAER Phone: (516) 267-7360

CHEMRX                                  12/01/2008 WARN
Event: SUBSTANTIAL LAYOFF                #Affected: 71 Total Empl: 0
Street: -
Town: St: Zip: Closing Dt: 01/31/08-
Cmptr Dt: 12/19/08 Cont: Phone:

CITY AND SUBURBAN DELIVERY SYSTEMS, INC 12/19/2008 WARN
Event: MASSIVE LAYOFF                    #Affected: 340 Total Empl: 471
Street: -
Town: NEW HYDE PARK St: NY Zip:11040 Closing Dt: 01/04/09-04/14/09
Cmptr Dt: 12/19/08 Cont: Phone:

KV PHARMACEUTICAL COMPANY/THER-RX CORPORATION 03/19/2009 2008-w291-w292
Event: LAYOFF                            #Affected: 10 Total Empl: 0
Street: 11 DOVER COURT-
Town: WADING RIVER St: NY Zip:11792 Closing Dt: 03/06/09-
Cmptr Dt: 03/19/09 Cont: MELISSA HUGHES Phone: 314-645-6600 x3151

US WEB, INC                              09/25/2008 WARN
Event: POSSIBLE PLANT CLOSING            #Affected: 208 Total Empl: 208
Street: -
Town: HUNTINGTON St: NY Zip:11743 Closing Dt: 11/16/08-
Cmptr Dt: 12/19/08 Cont: Phone:

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New York’s WARN Act requires employers to include in their WARN notice each of the elements required by the federal version of the law, one component of which is a listing of *job titles being affected and the number of affected employees in each job classification*. Thus, while the WIB is receiving high-level data on WARN notice filings, typically there are

additional data being received by the Department of Labor that offer greater detail on specifically which types/categories of workers are being dislocated in any single event.

A recent partnership between the New York City Workforce Investment Board and state Department of Labor highlights the potential value of these detailed data for the WIB and its partners. Through this partnership, state DOL is working with NYC WIB to provide access to the list of occupations from which employees are being dislocated – that is, the detailed data that often accompanies WARN notices. Once state DOL strips any confidential information from the detailed data, NYC WIB can access them to identify key findings and trends occurring in the unemployment pool; map locations and skill sets; and target occupations with skills that may be particularly transferrable to entrepreneurial opportunities.

Using the NYC WIB approach as a model, the project team conferred with state Department of Labor officials to assess the feasibility of establishing a similar data sharing system on Long Island. As a starting point for those conversations, state DOL offered the following as examples of two detailed WARN notice filings containing lists of titles/occupations being impacted by separate dislocation events. The first group pertains to a direct mail services company that filed in December 2008 for a dislocation event to be implemented in four “waves” through January 2009:

Direct Mail Service Company

Source: DOL WARN Notice Filing

Expected Termination:
Dec 8, 2008 to Dec 19, 2008

Account Manager (2)
Associate Account Manager (1)
Clerical (4)
Data Proc Project Mgr (6)
Estimator (1)
Group Leader (2)
Hand Assembler (2)
Junior Programmer (1)
Lead Hand Assembler (1)
Lead Operator (1)
Manager (1)
Mechanic (2)
Operator (2)
Print Production Manager (1)

Programmer (2)
Sales Representative (2)
Shift Manager (1)
Senior Account Manager (1)
Senior Programmer (1)
Supervisor (1)
Vice President (1)

Expected Termination:
Dec 22, 2008 to Jan 2, 2009

Account Manager (3)
Associate Account Manager (1)
Clerical (1)
Computer Operator (1)
Data Proc Project Mgr (2)
Database Analyst (2)
Director (1)
Documentation Clerk (6)
Hand Assembler (5)
Junior Account Manager (2)
Junior Production Coord (2)
Junior Programmer (1)
Lead Hand Assembler (2)
Lead Operator (5)
Manager (2)
Material Coordinator (2)
Material Handler (8)
Mechanic (6)
Operator (38)
Production Coordinator (1)
Programmer (1)
Sales Representative (2)
Shift Manager (4)
Senior Programmer (2)
Supervisor (8)
Vice President (1)

Expected Termination:
Jan 5, 2009 to Jan 16, 2009

Account Manager (1)
Director (2)

Financial Analyst (1)
Help Desk Support (1)
HR Generalist (1)
Mail Loader (4)
Manager (1)
Operator (2)
Vice President (1)

Expected Termination:
Jan 19, 2009 to Jan 31, 2009

Accounting Clerk (4)
CFO (1)
CEO (1)
Clerical (4)
Controller (1)
Director (2)
Driver (2)
Group Leader (3)
Manager (6)
Material Handler (8)
Porter (2)
Receptionist (1)
Senior Staff Accountant (1)
Supervisor (4)
Vice President (1)

The second example is from a furniture retailer that filed in March 2009 for a dislocation event taking place by the first-half of July:

Furniture Retailer

Source: DOL WARN Notice Filing

Expected Termination:
Mar 31, 2009 to July 15, 2009

Payroll Manager (1)
Accounts Payable Clerical (2)
Financial Administrator (1)
Accounts Receive Clerical (2)
Foreign Dept Supervisor (1)
Foreign Dept Clerical (2)
Order Proc Supervisor (1)
Order Proc Clerical (3)

Dispatch Clerical (1)
Dispatchers/Prog Clerical (3)
Install/Transport Clerical (1)
Customer Service Superv (1)
Customer Service Clerical (3)
Computer Prog Superv (1)
Computer Prog (1)
IT Supervisor (1)
IT (1)
Trainer (2)
Warehouseman (4)
Warehouseman/Dispatch (1)
Bay Preparer (4)
Finisher (2)
Wood Working (1)
Upholsterer (1)
Serviceman (3)
Installer (3)
Operations Mgr (1)
Warehouse Superv (1)
Shop Clerical (1)
Shop Superv (1)

To the extent that the WIB and state DOL can establish a protocol for sharing such detailed title- and occupation-specific data on dislocation events, it would benefit the WIB to develop a formal process for accessing and using this information. These detailed data would enable the WIB and its partners to better understand the population of workers being dislocated through layoff events at specific employers. This additional “market intelligence” would enable the WIB and its partners to be more strategic in targeting dislocated workers whose occupations/titles suggest skill sets that are likely to be particularly transferrable to entrepreneurial efforts – especially those in the region’s “transformational industries” for entrepreneurial growth.

Informing entrepreneurs and dislocated workers about available resources

As detailed in the SWOT report, there is a low-to-moderate level of familiarity among current and prospective entrepreneurs about existing resources and their accessibility. Further, there is limited use of publically-funded supports for enhancing and developing small businesses within the region. A survey of entrepreneurs in the community found fewer than half accessed government resource programs in starting their

business, yet nearly thirty percent identified financing as a resource they needed to grow their business right now. Similarly, case studies found that business planning, budgeting and marketing skills were common challenges faced by new entrepreneurs, despite an impressive supply of SBDCs and EAPs throughout the region dedicated to helping small business owners enhance those very skill sets.

A more aggressive public relations and marketing effort on the part of the WIB and its partners could have a significant impact on informing and educating existing/budding entrepreneurs about programs, services and funding opportunities that are available and how to access them. Particularly for prospective entrepreneurs who are considering starting a business, a more complete understanding of the network of resources and support (both training and financial) could help them to make a decision. Further, this would increase utilization of the region's deep supply of strong resources, especially those focused on business planning, development and the most critical underpinnings of any new entrepreneurial venture. A better-equipped pool of entrepreneurs will likely yield stronger entrepreneurial ventures over the long term.

Ensure WIB and One-Stop counselors are offering customers options and information regarding entrepreneurial resources

A broader public information campaign would certainly enhance dislocated workers' familiarity with existing resources, but there already exists a more immediate mechanism for educating prospective entrepreneurs about those supports: counselors at the WIB, One-Stops and partner agencies.

Each time a dislocated worker enters or interfaces with the system, it represents a distinct opportunity to share information on not only retraining and reemployment, but also on entrepreneurship. It is reasonable to assume that most dislocated workers do not even contemplate entrepreneurialism as a means to reemployment, at least initially. As a result, few are asking counselors for specific guidance on training and/or financial supports for starting a business. A more proactive approach on the part of counselors to offer such information would help dislocated workers to recognize the entrepreneurial option and make an educated decision as to whether it makes sense for them.

Of course, optimizing the interface between counselors and customers requires that counselors are sufficiently trained in, and familiar with, the menu of regional resources and supports for prospective entrepreneurs.

Counselors also need to gain knowledge of the characteristics that lead to entrepreneurial success. This includes generating ideas and seeking opportunities for ventures with appropriate credentials, education, experiences and training. They also need to be able to identify and acquire financial resources to start their business. This requires an individual to be self motivated, persistent and tenacious.

The counselors would benefit from a training program that described the skills of successful metropolitan area entrepreneurs and gave specific examples and case studies of entrepreneurial success that began with entrepreneurial assistance programs. At a minimum, counselors should be trained in available programs, services and funding opportunities for new businesses and the broad spectrum of providers including state, local, non-profit and colleges/universities. One resource that could be created and available to them is the pamphlet, “A Quick Guide to Entrepreneurship,” which provides a list of available training programs, services and funding opportunities in the region.

Establish an effective mechanism for evaluating potential entrepreneurs and entrepreneurial ventures

An effective mechanism needs to be developed for workers considering entrepreneurial ventures. The evaluation would help to “weed out” those ventures with promise from those doomed to failure. Workers interested in participating in entrepreneurship training would provide information in narrative format on their background, education, skills, talents and training in the area of business development along with accomplishments, levels of commitment, memberships, work experiences with skills utilized, sources of funds, specific skills expected from training and anticipated start date for the venture. Knowing which ones are best-positioned to succeed would help to more effectively allocate public resources.