

INDICATOR # 1

OWNERSHIP PROBLEMS

A change in ownership through mergers and acquisitions usually means a reduction in the size of workforce, at the least, and total shutdown at the worst.

LACK OF SUCCESSOR

If something happens to the company owner, what will happen to the company?

CONGLOMERATE OWNERSHIP

Usually no loyalty to any one company.

INDICATOR # 2

DIVESTMENT

Whenever a company does not return an adequate share of profits back into a facility for modernization and maintenance, it causes that company to decline. The facility receives little in reinvestment which causes low profits because its equipment is rundown. This means fewer profits are available for improvements, causing the facility to be neglected more, until it is no longer profitable and the owners close the facility.

INDICATOR # 3

DECLINING SALES/ DECLINING EMPLOYMENT

Sales and employment fluctuate, but consider: Have there been steady or drastic layoffs in the last five years? Is the whole industry losing sales because of imports, new materials or new technology?

INDICATOR # 4

CHANGES IN MANAGEMENT BEHAVIOR

Has management's attitude towards the union suddenly changed for the worse? Has management suddenly become very nice? Have they participated in civic activities, sponsored athletic teams or joined the Chamber of Commerce? Has the company suddenly increased plant security? Is management acting as if it plans to be here two years from now?

These immediate danger signs indicate clear and present danger to your facility. If any of these signals occur, immediate action should be taken

INDICATOR # 5

MANAGEMENT INSTABILITY

If the management team is unstable, it means the parent company does not care enough to give the facility stable, high quality direction. It is a major danger sign when the facility's best managers are transferred out or leave for another company.

INDICATOR # 6

BUSINESS CLIMATE COMPLAINTS

When management complains about the business climate of your community, that may indicate that the company is looking at other locations which it believes will provide a better "business climate." Some complaints may include: corporate tax rates, union wages, energy prices, unemployment and workers compensation premium rates, and lack of enterprise zones.

INDICATOR # 7

CHANGES IN LAND USE

Especially in cities with river fronts, lake shores, and coast lines, redevelopment may occur on industrial land which will become prime real estate, attractive for new uses. Is the land near your facility being converted to office space, shopping areas, or condominiums? Are nearby companies selling their land and moving? Are these changes causing the value of land to increase dramatically? Are real estate taxes increasing resulting from higher prices?

INDICATOR # 8

UNUSUAL BARGAINING POSITIONS

Is management proposing a contract of different length than usual? Were negotiations "hassle free" especially considering the company's lost or low profits? Are most of the raises "back loaded" late in the contract? Did the company initiate a proposal for severance pay? Did the company deny a request from the union for the first right of refusal to buy the facility?

BE AWARE OF THESE SIGNALS

INDICATOR # 9

INADEQUATE RESEARCH AND DEVELOPMENT

To remain competitive, a company must continually research not only new production processes, but also new products and new markets. Has your company developed any new products for your facility in the last five years? Has the company studied ways to reduce expenses on energy costs, management overhead, or material handling?

INDICATOR # 10

CASH CRUNCH

Are workers being laid off (even from a profitable product line) because the company is short of cash? Are inventories being squeezed so low that it causes production problems because there isn't enough stock? Is there excessive mandatory overtime to stockpile inventory? Are insurance benefits not being paid? Are paychecks bouncing? A company having severe cash flow problems, experiences some of these indicators.

INDICATOR # 11

REMOVAL OF EQUIPMENT

Removal of equipment is a very strong indication of management's plans for your facility. If equipment is being shipped from the facility, where is it going? How integral is the equipment to the facilities overall production flow?

INDICATOR # 12

DUPLICATE CAPACITY

Often companies own plants that do the same type of work elsewhere, usually at a lesser rate, in many instances non-union. This can be extremely devastating, particularly if a plant is experiencing a labor dispute, due to the employer's ability to transfer work.

continued on the back

**Funding provided by
The New Jersey Department of
Labor & Workforce Development**

INDICATOR # 13

UNIDENTIFIED VISITORS/ COSMETIC IMPROVEMENTS

Other warning signs, such as unidentified visitors or cosmetic improvements may indicate that the facility will soon be for sale.

INDICATOR # 14

MISMANAGEMENT

Examples of this can be identified in many ways: Failure to develop new products to meet changes in the marketplace; Failure to reinvest; Failure to act on worker ideas for improving methods or systems; Inadequate quality control; Nepotism and cronyism; Antagonistic labor relations; Erratic changes in promotion patterns; Outsourcing or contracting out for components; Short sighted accounting practices.

INDICATOR #15

REAL ESTATE AND PROPERTY TAX DELINQUENCIES

In some cases when a company plans to move, one of the first ways it will seek to save money is by obtaining reductions of local real estate and property taxes. Often this motive becomes apparent at public meetings of local government bodies and the press reports these actions. These signs appear again and again in plant closings.

The workers need to be alert enough to observe these signs and strong enough not to deny them when *they* appear.

IF ANY OF THESE EARLY WARNING SIGNS ARE OBSERVED, CONTACT YOUR UNION REPRESENTATIVE IMMEDIATELY.

There is also assistance available from the New Jersey State AFL-CIO, in cooperation with the New Jersey Department of Labor and Workforce Development, who can provide innovative programs designed to prevent job loss, expand good union jobs, and when necessary, ensure that dislocated workers receive all the assistance available for a smooth career transition.

- **The New Jersey Department of Labor & Workforce Development offers economic support including Customized Training, WIB and Literacy Grants to assist facilities in maintaining their operations and expansion.**

**Contact N.J. State AFL-CIO
at 609-989-8730**

- **If layoffs or a closing are possible, the New Jersey State AFL-CIO offers the Labor Employment Action Project, a program that provides technical assistance to unions and trains union members to become Peer Counselors who can aid and assist their brothers and sisters.**

Contact Nancy Miller at 973-614-0049

- **If a facility is closing or there are layoffs, contact the New Jersey Department of Labor & Workforce Development Rapid Response Team for assistance.**

Rapid Response 1-800-343-3919

- * **These are excerpts from a presentation to the Third International Congress of the Work and Labour Network, "Labour Globalization and the Economy", Osnabruck, Germany, May 22-25, 2002 which was compiled by Mr. Dan Swinney, Executive Director of the Center for Labor and Community Research, 3411 W. Diversey, Suite 10, Chicago, Il. 60647.**

Early Warning Signs of Layoffs and Plant Closings



**NEW JERSEY STATE
AFL-CIO**

**Charles Wowkanech
President**

**Laurel Brennan
Secretary-Treasurer**

**(609) 989-8730
Fax: (609) 989-8734
www.njaficio.org**

**New Jersey State AFL-CIO
106 West State Street
Trenton, New Jersey 08608**