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Work in Process

**Training agencies
merge in search of
greater efficiency**

By *GEORGE O'BRIEN*



Bill Ward says the merger of the REB and the employment and training consortium will yield a more efficient — and better respected — workforce training infrastructure.

Getting the Job Done

Merger of Workforce Training Agencies Will Create New Efficiencies

Bill Ward says discussions about merging Hampden County's Regional Employment Board and Employment and Training Consortium had been waged for years.

Evidence of overlapping services was mounting, Ward, executive director of the REB, told BusinessWest, adding that the word redundant was being used with increasing frequency as the agencies and their roles were referenced.

What was lacking, he explained, was the political will to fold the consortium, essentially a city department, into the REB, a quasi-public nonprofit corporation. Springfield Mayor Charles Ryan filled that void, said Ward, and, in the process, led the drive to a merger of the entities that will take effect July 1, the start of the new fiscal year.

The merger, or absorption of the consortium into the REB, will result in a direct savings of more than \$200,000 annually — through consolidation of the administrative structure, reductions in rent, and other steps — money that will be re-deployed, as Ward put it, to direct services for the REB's many types of customers in Hampden County.

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But there will be other benefits, as well, he continued, noting that the merger creates a single point of contact for funders, vendors, and customers, as well as unified accountability of performance, which will result in a reduction in contracting and payment processing time of at least 75%.

And beyond that, the new agency — and the region as a whole — will gain some respect among government agencies and other funding sources for workforce development initiatives, he told BusinessWest.

“We’ll be showing people that we’ve got our act together,” said Ward, noting that there are 14 other regional employment boards across the Commonwealth, and all or most of them still have redundant public agencies such as the consortium. “We’re going to be more efficient now, and we’re going to be able to serve clients better, and people are going to notice that.”

Hire Ground

As he talked about the merger and how it finally came to be, Ward described the consortium as an agency that had a specific purpose when first formed more than 30 years ago — administration of programs and contracts that were part of the Comprehensive Employment and Training Act (CETA) — but remained in existence long after that need was gone or being addressed by other organizations.

“In business, and especially in government, programs come up and new entities emerge to address the needs of those programs,” he explained. “What happens over the years is that these things just continue to pile on top of one another and you create a situation where nothing ever goes away.

“Some things just get a life of their own,” he continued. “Even in business that happens, and when it does, you have to step back and say ‘where did these structures come from?’ and ‘is this the best way to be organized?’

That’s the conversation that began about five years ago with regard to the REB and the consortium, he said, adding that, in addition to the redundancies in services between the two entities, the consortium was going through a tumultuous period marked by scandal involving top administrators.

The agency’s former director, James Asselin, and its former compliance officer, James Krztofik, were both sentenced to prison terms after pleading guilty to swindling more than \$600,000 in bogus consulting fees and travel from a taxpayer-funded, non-workforce-development-related loan fund.

Still a number of factors, but primarily politics, kept matters from moving beyond the discussion stage, said Ward, adding that talks were renewed when Ryan took office in January, 2004. What the new mayor wanted was a sound case for melding the agencies and deciding which should be the surviving entity.

So Ward made one.

In a proposal presented in late March, he petitioned for a restructuring of the workforce development system in Hampden County, one that would create a single administrative entity for workforce development by merging all consortium administrative functions into the REB, which would serve as the consolidated

fiscal, planning, and oversight organization for the county.

The plan also called for moving the 25 consortium employees off the city payroll, with 11 transferring to the REB and another 12 to the area's two one-stop career centers, Future Works and CareerPoint, and leaving two vacant positions unfilled.

Keeping current staffers employed was a key consideration in the proposal, said Ward, noting that an agency focused on workforce development and job retention can't endorse proposals that put people out of work.

Still, the new entity to result from the merger will be much more efficient than the two-headed monster that will exist for another 10 weeks, he said.

Savings to be derived from the merger, as outlined in a line-item budget comparison include a reduction in total salaries from the current \$1.6 million for the two separate entities to \$896,506; a reduction in employee benefits from \$468,557 to \$256,286; a drop in total rent payments from \$115,067 to \$75,067 (the REB, now located in the Regional Economic Development Center within the TD Banknorth building, will move into larger quarters there, while the consortium's offices will close); and a reduction in auditing, legal, and insurance costs from \$36,000 to \$26,000.

Factoring in the additional cost of consortium personnel to be transferred to the career centers (\$765,000), as well increases in phone, parking, chamber management fee, and other expenses, the net savings is \$200,000, said Ward, adding that this money will still will coming to Hampden County, but will be directed toward services, not salaries and administrative costs.

"There are a lot of things we can do with \$200,000," he explained. "We can train many more people and provide more services; there are some very real benefits to this beyond saving money on rent."

And the overall gains in efficiency and value from state and federal funding will eventually turn some heads in those circles, he explained.

"We'll be sending a message across to funders that we're operating with sound management principles and efficiency," he continued. "We won't just be saying, 'give us more money'; we'll be saying, 'give us more money because we know how to spend it in the most efficient manner.'"

Survival of the Fittest

Summing up the merger of the two workforce development entities and the benefits to the region, Ward referenced management guru's Peter Drucker's philosophy of 'organizational abandonment.'

In a nutshell, the management strategy, first introduced in the '80s and endorsed by GE's Jack Welch, among others, calls for businesses and non-profit entities to become more efficient — and more profitable — by not trying to be all things to all people. It calls for eliminating, or abandoning, those products or programs that do not move an organization forward, and becoming more efficient by being smaller and more focused.

"That's what we're doing here," said Ward, adding that by essentially abandoning the consortium, or at least the redundant services it provided, Hampden County will receive better, more efficient workforce training services.