

# From Dependence



# o Self-Sufficiency



Now independent now: Amy Valderas, a core production operator.

A Michigan manufacturer proves that employers can move people from welfare to work.

By Kathryn Tyler

A young woman folds and refolds her hands resting on the table, while plastic injection molding machines screech and pound in the background. Her blue shirt has "Cascade Engineering" and "Amy" embroidered on the shoulders.

"I like working," says Amy Valderas, a core production operator at Cascade Engineering Inc. in Grand Rapids, Mich. With the money earned, "I'm able to go to the store, and if my kids need something, I don't hesitate. Now, I say, 'Get it.' They're happy. I'm happy. I have money in the bank saved for whatever comes. I'm more independent." >

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To improve **attendance and retention** for welfare-to-work participants, HR professionals must identify and remove the barriers.

On the forklift, Monia Libbett, third-shift core production operator, chats with caseworker Joyce Gutierrez-Marsh. Libbett has earned promotions and salary increases at Cascade.

Eleven years ago, Valderas was a stay-at-home mom receiving cash assistance from the government. "I'd never worked before," she says.

This article documents Valderas' journey from welfare to work. It also documents the lessons Cascade Engineering learned that helped the company reduce its overall annual turnover rate from 42 percent in 2000 to less than 2 percent in 2009.

Cascade produces automotive parts, garbage cans, wind turbines and other green products in Grand Rapids; Montpelier, Ohio; and Halásztelek, Hungary. Moving into the renewable energy and recycling fields helped the company weather a downturn that brought voluntary buyouts and reductions in force to about 400 workers. At five Grand Rapids plants, Cascade now employs about 900 people, half of whom are contractors. Of approximately 440 employees, 40 are "Welfare-to-Career" program participants.

In 2009, approximately 1.7 million U.S. families received government assistance—cash, food stamps or child care vouchers. In June, Michigan had an unemployment rate of 13.2 percent; the second highest in the nation. About 61,000 Michigan families receive assistance.

"There's still a prevailing stereotype about people on welfare—that they're abusing the system," says David A. Barrett,

SPHR, Cascade's director of talent management. Yet "these people are highly motivated." Since 1996, welfare recipients have been required to work. "But it takes more than giving them a job to get them off welfare. ... We want to offer them a career," he says.

It took time to determine what "more" Valderas and other welfare recipients needed. The current program is Cascade's third foray into welfare to work. The first two programs failed. Cascade's HR professionals kept trying until they reduced program turnover from 62 percent in 2000 to 3 percent in 2009. What they learned dramatically slashed overall company turnover as well. In Grand Rapids alone, turnover costs decreased from \$3.6 million in 2000 to \$493,000 in 2008, albeit with a smaller base of employees.

Cascade's leaders learned that to sustain the company's welfare-to-work program, they need to:

- Provide a caseworker on-site by partnering with a state agency.
- Identify and remove barriers to employment, such as lack of reliable transportation or child care.
- Deliver early training—onboarding—that includes information about the hidden behavioral rules of each socioeconomic class.

- Provide a career track that motivates entry-level employees to develop skills.
- Create a culture that respects the dignity of every employee.

Michigan Department of Human Services caseworker Joyce Gutierrez-Marsh has an office on-site. She explains that while many employees lose cash assistance as their incomes rise, they receive food stamps, child care assistance and Medicaid for children and continue to be her clients. She identifies barriers to work attendance and channels clients into assistance programs to overcome those barriers.

"If your car tires blow out, Joyce can get cab fares for a couple of days," says Linda C. Grund, SPHR, director of HR. "She's fielding problems clients have. She's checking up on their attendance every day. She's notified if a client is absent. She calls them: 'Why aren't you here?' She's making sure they're not placing their job in jeopardy."

## Partner with Government

Barrett advises other HR professionals to partner with government agencies; having a caseworker benefits all employees and fosters loyalty. Gutierrez-Marsh, for example, will help any employee find government assistance to pay overdue utility bills. Cascade pays \$26,000 of Gutierrez-Marsh's annual salary, and the investment represents the only "hard cost" of the program, Barrett says. The Michigan Department of Human Services pays the remainder of Gutierrez-Marsh's salary and her benefits.

The number of clients she serves fluctuates with the economy; Cascade's Welfare-to-Career program had a high of 331 participants in 2000. Cascade executives calculate that from October 2004 to September 2005, the company saved Michigan \$975,000 in cash assistance, food stamps and child care vouchers by decreasing employees' dependence on welfare. That year, 40 percent of program participants became financially independent and no longer receive government assistance of any kind.

## Remove Attendance Barriers

Everyone has problems—diabetes, a mother with cancer, an unreliable car, a baby sitter who shows up late. But self-sustaining people have resources—financial, educational, emotional, mental and physical—and support systems to deal with problems. They pay people to tow the car or call a neighbor to care for children until the sitter arrives. Welfare recipients often don't have those resources. For Valderas and others, life often got in the way of work.

To improve attendance and retention of welfare-to-work par-

ticipants, employers must identify and remove barriers that prevent employees from showing up to work. Gutierrez-Marsh uses an assessment tool developed by Randy Koekkoek, project manager for the Michigan Department of Human Services, to identify the barriers: Does the individual have child care? A substance abuse problem? A valid driver's license?

Assessment is critical, says Ronald B. Jimmerson Sr., Cascade's senior HR manager and community relations coordinator. Moreover, because she is not a Cascade employee, Gutierrez-Marsh is



A committed welfare-to-work team: Cascade Engineering's David A. Barrett, SPHR, director of talent management, and Linda C. Grund, SPHR, director of human resources.

legally allowed to ask personal questions that employers cannot ask. Once barriers are identified, she strives to remove them. Most participants have more than one obstacle; lack of child care and transportation are the most common.

Cascade's leaders took a multi-pronged approach to addressing common barriers. Some examples:

**Sick children.** Formerly, "if you were sick, you had to go to the doctor to get a note to have it excused. But if your child was sick, it wasn't an acceptable excuse," Barrett says. Yet "many of our employees are single parents." In 2000, Cascade changed its policy to include caring for a sick child as an acceptable reason to miss work.

**Bus transportation.** Cascade's plants sit outside the city on a road with a 55 mph speed limit and no sidewalks. For years, buses stopped a quarter-mile away. Eventually, executives got the route extended. Welfare-to-Career participants are eligible for 90 days of free bus travel. >

### Online Resources

For more information about welfare-to-work programs and workforce readiness, see the online version of this article at [www.shrm.org/hrmagazine/0910Tyler](http://www.shrm.org/hrmagazine/0910Tyler).

### 'Hidden Rules' Among Classes

Looking for ways to improve their Welfare-to-Career program, company officials at Cascade Engineering in Grand Rapids, Mich., read *A Framework for Understanding Poverty* (ahai Process Inc., 2001) by Ruby K. Payne. They realized they "were doing a lot of things wrong. We started to make changes," says David A. Barrett, SPHR, director of talent management.

"For instance, in a generational poverty family, discipline is about penance and forgiveness. The mother dishes out the punishment and forgives the child. There's no expectation of change. In the middle class, we expect change. When people live by a set of rules and come into a different set of rules they don't know, we wonder why they're failing," Barrett says.

Payne equates the "hidden rules" of each class to the rules of football vs. soccer. If an American football player was shoved into a soccer game without anyone telling him the rules, he would pick up the ball and try to throw it. Both actions are acceptable in football, but against soccer rules. The same holds true when you move from one class to another. Acceptable actions in poverty are against middle-class rules. Welfare-to-work employees "need to be taught the hidden rules of [the] middle class, not to replace their rules, but as another set they can use," Payne says.

A singular focus on preparing welfare employees represents one of the biggest failures of most welfare-to-work programs, says Ronald B. Jimmerson Sr., Cascade's senior HR manager and community relations coordinator. In many organizations, "The focus has never been on the culture of the company," which means people are being sent into hostile work environments.

Jimmerson insists that co-workers and supervisors need to be prepared to be accepting and understanding. Thus, Cascade introduced the hidden rules to its entire workforce at one time, at a cost of \$11,000 for an outside trainer.

**Taxi service.** "Sometimes a machine goes down at work and supervisors have to send a person home due to lack of work," Grund says. "If you're in a car pool or take a bus to work, you have no way to get home. Do you keep the employee at work? We set up a partnership with a cab company. The

supervisor calls a cab, gives the employee a voucher, and we get the bill."

**Emergency loans.** All employees are eligible for \$200 interest-free loans that they repay in a few weeks. If an employee's tire blows out or he receives a shut-off notice, he can use this money until payday. Over time, "some of our employees would take out two, three or four emergency loans," Grund explains. So she brought in Michigan State Extension specialists to teach money management skills. Any employee who requests more than a couple of emergency loans is required to attend the classes.

**Other assistance.** Gutierrez-Marsh ensures that Welfare-to-Career employees take advantage of other programs, such as a \$900 annual car repair benefit or a one-time \$2,000 car purchase benefit. For example, she helped Valderas buy a vehicle. And Fernando Wade, a core production operator at Cascade for 10 years, bought a home through a Cascade partnership with the Grand Rapids Employer Assisted Housing program of the local chamber of commerce.

### Onboarding

Although addressing barriers hikes attendance and retention, the first major drop in turnover came when the company introduced the "hidden rules" of poverty, the middle class and wealth to all employees. Each socioeconomic class has its own unspoken rules of knowledge, behavior and etiquette. Most Welfare-to-Career participants come from families with more than two generations of poverty. They are unaware of middle-class rules. Likewise, middle-class employees are unaware of the rules in other socioeconomic classes.

Dean Wagner, a third-shift supervisor, says, "I've worked in manufacturing for 35 years. In my other job, there wasn't [socio-economic] diversity." He has worked at Cascade for nine years and has learned how to communicate across socioeconomic cultures.

Valderas' supervisor, Shar Berlin, notes that before the hidden-rules awareness training, "I never would have known" that people struggled with transportation issues.

The second drop in turnover came after Cascade moved new-hire orientation to the first week of employment from a loosely defined time within the first three months. Orientation includes instruction on company culture, assimilation, diversity awareness, the hidden rules, support resources and on-the-job training. Onboarding costs about \$3,000 per employee.

### Career Track

To motivate entry-level employees to learn skills and plan for the future, Cascade's HR professionals created a five-level career track: an Affiliate Level for new hires and Levels A through D. After onboarding, safety and quality standards training, and 90 days of employment, employees reach Level A.

To achieve Level B, workers must be employed for another six months and must take courses in subjects such as conflict resolu-



## A singular focus on preparing welfare employees represents one of the biggest failures of most welfare-to-work programs.

Rebecca Kindle, first-shift core production operator, left, seeks advice from caseworker Joyce Gutierrez-Marsh.

tion, eliminating manufacturing waste and team development. At each level, they must pass an audit by demonstrating skills. Subjective face-to-face questions, such as “How would you handle this situation?” or “Tell us how you would do this,” test knowledge, Barrett says. Each step results in greater work responsibilities and an increase in hourly base pay. Pay ranges from \$11.29 to \$15.94 per hour.

Valderas is at Level A and has begun training for Level B.

Between Levels B and C lies a “High Hurdle” test. Based on ACT’s WorkKeys Assessment, the test evaluates cognitive abilities such as applied mathematics and reading for information, as well as behavioral traits such as cooperation. Monia Libbett is a third-shift core production operator who has been at Cascade for 11 years and just learned how to drive a forklift. She has mastered Level B and passed the High Hurdle test, making her eligible to take courses toward Level C. Level C has technical and leadership tracks. Level D employees must master both Level C tracks.

Every year, Level C workers undergo an integrity audit. Employees are required to give examples of leadership or applied technical abilities. Some employees keep notebooks of incidents where they demonstrated technical or leadership abilities. “If they come with a solid notebook where their supervisors have signed off, the audit can take less than an hour. If not, they may have to demonstrate skills. If they fail the audit, they have 90 days to get the skills back

up and be re-audited. If they fail that, they move back in pay. We’ve had that happen fewer than five times,” Barrett says.

The result: a skilled workforce—and a succession plan. “They learn how to schedule the plant and take over the shift if the supervisor isn’t there. If we have front-line leader positions come available, they can rotate in,” Barrett says.

When employees achieve new levels, they are recognized at shift and town hall meetings and receive rewards such as movie tickets, coffee mugs and T-shirts.

In addition, all employees attend Stephen Covey’s “7 Habits of Highly Effective People” courses to become better communicators and learn conflict resolution skills.

In all, each employee received an average of 11.8 hours of training in 2009.

### Patience and Encouragement

Berlin advises HR professionals to run a pilot program in one or two areas of a plant before rolling it out companywide. “Make sure everybody is on the same page. It’s got to be a pretty open company to have it accepted. When you have 45 people on a shift and 28 of them are Welfare-to-Career, it can be really hard. You want to be there—part of

being a leader is to have the time for everybody—but with that number of people on the shift, it’s hard to manage,” Berlin says.

At Cascade, workers welcome welfare recipients—and encourage them to keep coming back, he points out.

Valderas nods and adds, “Have patience and encourage them. That had a lot to do with me.” She smiles. ■

### Cascade Engineering Inc.

**Products:** Manufacturer of automotive parts, wind turbines, garbage cans, solar panels, rain barrels and other green products.

**Ownership:** Privately held by founder and Chief Executive Officer Fred P. Keller.

**2009 revenue:** \$207 million.

**HR executives:** Linda C. Grund, SPHR, director of HR; David A. Barrett, SPHR, director of talent management; Ronald B. Jimmerson Sr., senior HR manager and community relations coordinator.

**Locations:** Five plants and a training center in Grand Rapids, Mich.; plants in Hungary and Ohio; a service company in Florida, and several small service centers across the United States.

**Employees:** 1,200.

**Connections:** (616) 975-4800, [www.cascadeng.com](http://www.cascadeng.com), [info@cascadeng.com](mailto:info@cascadeng.com).