

FORUM I

Jewish Communal Service and the New Economy

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Those of us who have the privilege of being a part of the Jewish communal service network in the United States have the responsibility to recognize and face up to the reality and the challenges of the new economy. Every functional field in Jewish communal service, as well as our federated fund-raising endeavors, have, and will continue to be, increasingly affected by the structural changes taking place in our economy. Many seemingly unrelated confluences are emerging into new forces that will create massive change for Jews in their everyday lives and lifestyles, in their geographic locations, in their voting habits, and in the very structure of our organized Jewish community.

THE RECESSION OF 1990

The seeds of the massive recession of 1990 were sown after the stock market crash of October 1987. This recession reserved its most severe impact for professions and occupations in which Jewish people tend to work. Hardest hit were finance, insurance, real estate, retailing, law, accounting, and government services. Also hit hard were small and medium-sized businesses. These layoffs are continuing, even as some corporations are returning to profitability. Jewish vocational services (JVS) have had to create new technologies and new program strategies to serve an ever-increasing number of Jewish professionals, corporate managers, and small businesspersons whose earnings had placed them in the upper-middle class and who now find themselves out of work or are fearful of losing their jobs. Many who were contributors to our campaigns have become consumers of our services. Rabbis have reported increasing requests for assistance, on a confidential basis,

from members of their congregation. For example, the New York Board of Rabbis arranged for F.E.G.S. to conduct a series of Career Support Seminars for their congregants. Requests for participation were so numerous that extra sessions had to be set up.

LEAN PRODUCTION

The current recession has given many businesses and corporate leaders an incentive to accelerate their adoption of *lean production*, a concept and methodology that is gaining widespread support in corporate America. This concept is explained fully in the Massachusetts Institute of Technology publication, *The Machine That Changed the World* (Womack et al., 1990).

Many corporate leaders and planners have, in recent years, been increasingly attentive to one management guru after another who have constantly repeated the same litany:

- We should not have managers managing managers who manage managers.
- Our workforce has become too bloated.
- We have too many specialists.
- We have too many overseers.
- We have too few workers.
- Too few people are actually engaged in producing the product compared to those who are in a support or management role.

Many managers have borrowed liberally from the concept of lean production and these new management philosophies. These managers are absorbing the new conceptualizations and theories, applying their specific corporate culture, adding individualized modifications, and implementing

them in their own businesses and organizations. In the process, they filter everything through an overlay of recessionary mentality.

Variations on the concept of lean production have caused many corporations, small businesses, and even some not-for-profit corporations to lay off more workers than was actually mandated by the recession-driven loss of business. These layoffs were implemented to give corporate leaders the opportunity and the time required to restructure and reorganize their businesses to be able to produce more with fewer workers and with less space while simultaneously improving quality at a lower cost per unit of production.

Consider the U.S. automobile industry experience in recent years. General Motors Corporation, in trying to stem the tide of huge losses, decided to close some 20 to 22 factories and lay off tens of thousands of workers. They appear to be willing to accept a smaller market share for their automobiles and, by exercising tighter control within a smaller bureaucracy, hope to turn a loss into a profit. In the same industry, the Toyota Corporation, utilizing concepts of lean production, analyzed the marketplace and found to no one's surprise that it has peaks and valleys. A cycle of high production and high sales will always be followed by a cycle of low production and low sales. During cycles of low sales, there is overproduction, resulting in increasing inventories of unsold automobiles. These large inventories traditionally lead to large layoffs, yet the manufacturers usually, in accordance with existing union contracts, continue to pay a portion, if not all, of the salaries of the laid-off workers.

Using the technologies and strategies of lean production, an automobile company would implement a policy under which it would never build more plant capacity than is necessary to produce half the automobiles it could market during peak market times, and it would never employ more than half of the workforce necessary to produce more than half the automobiles required during peak market cycles. Want-

ing to maintain an ever-increasing market share, a corporation would develop strategies in which it would contract out, on a permanent basis, approximately one-half the plant and workforce necessary to meet production demand during peak sales periods. When recessionary cycles hit, the corporation would cut back on outside contracts, rather than close its own plants or lay off its own workers. This strategy would enable the lean production company to promise its workers lifetime employment and to continuously upgrade factories and plants. Such upgrading, as part of lean production implementation, would be considered a long-term investment and would thus justify its costs. The corporation, consequently, would seldom run the risk of overproduction or unsold inventory.

F.E.G.S., when faced with the need to train large numbers of Russian Jewish immigrants, found that it could not continue to conduct business as usual with the funds available for training. Adopting the techniques of lean production and applying them to a not-for-profit human service organization, F.E.G.S. carefully analyzed its business and trades schools and skills training programs. It then decided to reduce the skills training conducted on F.E.G.S.' own premises, which was long term in nature (6 months), by 50%. Training programs were created off-premises at the actual job site of large firms in industries in which the demand for skilled workers was great. Those companies, under F.E.G.S. contract and supervision, conducted the training for workers for the entire industry and were given first choice in selecting graduates for employment. F.E.G.S. purchased instructors from the companies on a per diem basis and either provided its own job coaches at the job site or purchased these services from them as well. This arrangement resulted in a shorter-term/lower-cost training capability in a greater variety of occupations and professions. "Contracting out" up to one-half of the actual skills training enabled F.E.G.S. to lessen the high cost of staff, space, and other overhead

costs, thereby greatly reducing the average cost of skills training. As a result, an \$800,000 subsidy became a \$200,000 surplus, which was recycled to provide training for more Russian and other middle-class Jews desperately in need of training and retraining. As with an automobile manufacturing plant, implementation of the lean production concept enabled F.E.G.S. to maintain its core skills training capability and yet have the flexibility to provide service on an expanding and contracting basis, depending upon the need and the economic conditions at the time. It also enabled F.E.G.S. to provide skills training in a much broader variety of occupations and professions, such as chefs and food service personnel, automotive, dental and optometric technicians, tractor trailer drivers, cabinet makers, and health care workers, in addition to existing on-site computer technology, computerized bookkeeping, business technology, major appliance repair, building trades, and upholstery and furniture manufacturing. This arrangement resulted in a higher job placement rate, since the private sector, which hires these graduates, became our actual partner in training the students. **In effect, it produced a higher quality service at a lower cost per unit of service**, which is one of the objectives of lean production.

Among the many examples of lean production cited in *The Machine That Changed the World* (Womack et al., 1990) is that of a plant with an assembly line. Unlike their colleagues in other mass production plants, the workers in this innovative company are not restricted to doing a narrowly focused, routine operation. They are cross-trained so that they are able to perform many functions because they have responsibility for a broader part of the total operation, and their work is less repetitive. These workers in a lean production plant operate as a team. Each worker takes responsibility, individually and collectively, for the quality of the product and for meeting production schedules. Unlike a mass production plant in which three,

four, or five workers have a supervisor as well as support and management staff to back them up, a team of workers in a lean production plant has a lead worker who is not only responsible for supervision but also takes part in the team's actual production of the product. The lead worker is therefore more cognizant of the actual work being performed because he or she is part of the actual assembly or production process. The lead worker is viewed as a co-worker, not as a boss. Corrections to mistakes are made on the spot, not at the end of a production line.

THE EFFECTS OF THESE CHANGES ON JEWISH COMMUNAL SERVICE

The effects of these new management techniques on Jewish Communal Service are predicated on the following hypotheses. Laid-off individuals in their forties, fifties, and sixties, who were previously well paid, will find it increasingly difficult, if not impossible, to return to their previous employers or to their previous level of employment and salary, even as their former companies return to profitability. Business and industry have learned to do more with less; not just fewer bodies, but less pay. Fewer and fewer management positions will come on the market as lean production takes a firmer hold on our society, and lower-level employees are upgraded. Workers will take increasing responsibility and an ever-expanding role in their own supervision.

As we prepare to enter the twenty-first century, our family agencies will find increasing pressure placed upon them to resolve problems of child abuse, spouse abuse, broken families, financial losses, loss of a home, bankruptcy, and a myriad of other family *tsures*. As more and more people find themselves chasing fewer jobs, rather than jobs chasing people, problems will increasingly affect the community as a whole. As more upper middle-class heads of households become unemployed or underemployed, they will purchase less,

thereby paying less local sales tax; they will pay less state and local income taxes as well. Together with the increasing number of bankruptcies and small business failures, the shortfall in taxes will leave state and local governments with a shrinking tax base and less money to spend on health, education, and human services. This funding shortfall may result in new rounds of layoffs by local government agencies, further exacerbating the shrinking economic stability of the middle and lower middle classes who work for these local government agencies. These professionals, many of whom are Jewish, will find themselves laid off in increasing numbers. They will be joined on the unemployment lines by many professionals and support staff in voluntary not-for-profit agencies who will find government funding for their programs constantly decreasing and the competition for the remaining government funds from other communities increasing geometrically.

There is, of course, always the possibility that recent events, such as the riots in Los Angeles following the Rodney King verdict, will create an atmosphere for massive increases in federal spending, not just to rebuild the shattered local economy and assist private businesses but also to improve health, education, and human services. These efforts may, however, be based more on misguided optimism than on pragmatic reality.

On the Jewish community level, campaign contributions may become more difficult to obtain as the capability of middle-class Jews to make large contributions becomes increasingly limited. Jewish communal service agencies, faced with rapidly rising requests for assistance from their communities at a time when decreasing dollars will be made available to provide those vital services, will have to find new ways of producing the highest quality services (product) at the lowest cost per unit of service.

Jewish communal service agencies have always viewed adversity as a challenge, and by applying liberal doses of creativity, they,

most of the time, manage to create new opportunities. Never has this been more necessary than now. Several strategies for producing the highest quality service at the lowest cost per unit of service are described below.

Sharing Infrastructure

Infrastructure can best be described as those support services that make an organization's operations possible. These include, but are not limited to, the following:

- computer and management information systems
- purchasing
- marketing
- accounting
- facilities management
- building maintenance
- media services
- advertising
- transportation
- human resources
- facility design
- space management
- telecommunications
- government relations

F.E.G.S. has been sharing infrastructure services with other agencies for several years and has found it to be a win/win situation. For example, if 50 F.E.G.S. facilities must be cleaned on a daily basis, and another Jewish communal service agency has 10 facilities to clean and decides to purchase cleaning services from F.E.G.S., the F.E.G.S. Facilities Maintenance Department would then be called upon to provide cleaning services for 60 facilities at a significantly reduced cost per facility because of the increased economy of scale. F.E.G.S. would realize a savings on a support service it is already providing while the other agency would save even more money, because it is buying into an economy of scale far beyond its existing capabilities.

F.E.G.S. and the New York Association

for New Americans (NYANA) have a series of agreements ranging from facilities management, which is the actual management of a component of an agency service by another organization, to consulting agreements that provide a service at a lower cost than if it had to provide that service on its own. The two agencies have worked out arrangements for shared space, in which one agency operates programs on a rent-free basis during the day at the other agency's premises while the other agency utilizes space in the evenings at the other's premises. This arrangement results in maximum utilization of space at each agency by keeping the space productive for more hours a day than is required for its own programs. Such arrangements offer a great opportunity for program flexibility, experimentation, and downside fiscal protection since an agency is not required to sign a long-term lease for space it may not need next year.

Shared advertising can result in large reductions in advertising budgets. Great cost reductions can also be realized through economies of scale resulting from joint purchasing of computer equipment and jointly created computer software in which, with minor modification, usage of the product can be extended to meet the needs of more than one agency. Through modern technology, confidentiality can be assured. Agencies can realize even greater savings by utilizing time sharing of the actual computer hardware.

Strategic Pruning

During the past three decades, as government funding increased geometrically and private philanthropy grew, many new programs were implemented and services expanded. The quality of services was upgraded, and more people benefited from them. In most cases, this era of expansion was integrated into the existing programs of the agencies. However, as more and more funds became available, those pro-

viding the funding determined the direction of that expansion to a great extent.

During these times of contraction of funds available for health, education, and human services, it is important that we carefully engage in long-term strategic planning. We must determine our strategic objectives and clarify the tactics we will use to achieve those objectives. Further growth and improved quality will be better assured if we carefully and systematically learn to prune, to cut away that which either is no longer a priority or is not necessary for us to achieve our long-term strategic objectives. We must take a hard look at programs and facilities to determine whether there is another way of achieving the same or better outcomes at less cost per unit of service. Every gardener knows that growth without careful pruning seldom achieves the desired outcome. Strategic pruning should be an ongoing process, not just a result of lack of funds.

Jewish communal service agencies must learn to better integrate their services to troubled Jewish families so that they can plan for and work with an entire family's needs, even if more than one agency is required to help meet them. **Family case management** will become more and more a necessity, not just a matter of good programmatic design. Closer working relationships among our agencies, especially Jewish family services, Jewish vocational services, JCCs, synagogues, and our business communities, must be established.

In large cities, such as New York, and this may be true in smaller cities as well, the number of Jewish professionals and business people losing their jobs is so large that it becomes increasingly difficult and costly to provide counseling and career development services on a one-to-one basis. At the same time, many people who lose their jobs, especially if they have never been unemployed before, tend to feel that they are alone, are being singled out, and begin to lose hope. Combining these two factors, F.E.G.S. created career support

seminars entitled, "Get Back to Business." These seminars provide in-depth counseling and self-assessment, resume preparation, networking, and other services traditionally found in expensive outplacement programs. Two benefits occur simultaneously. Individuals gain the knowledge that they are not alone, they are not personally at fault, they can form mutual support groups and they can help each other with information about potential jobs. At the same time, the group seminars enable F.E.G.S. to provide the career counseling service at vastly reduced costs. These career support seminars are conducted at F.E.G.S. and at UJA-Federation of New York or on the premises of a sister agency within the Jewish community. We have received hundreds of letters, not only praising the program, but affirming a renewed identification with UJA-Federation, with the Jewish communal service network, and with the Jewish community. This secondary benefit is extremely helpful in our overall mission of assisting individuals who lack a full acceptance of their Jewish identity while helping ensure Jewish continuity and Jewish survival.

Honing Analytic Skills

We must learn to analyze every aspect of a problem in seeking even partial solutions. There is no single magic bullet, but there are actions we can take, individually and collectively, to ease the burden, meet the challenge, and maximize opportunity.

Jewish professionals and businesspeople who have been laid off or who still face the risk of imminent layoff represent the top talent within the Jewish community. Their loss of a job is in most cases due to structural changes in the economy and circumstances beyond their control. At the same time, Jewish communities in many cities have large numbers of small and medium-sized businesses, which range from small neighborhood retail stores to manufacturing and service businesses. Many of

the owners and operators of these businesses are Jews who are aging and are ready for retirement. In many instances their children have opted for other careers. These owners are seeking to sell their businesses and retire and often find that they either have no one to whom to sell their business or are forced to sell their business for less than they believe it is worth. Taking advantage of the synergy between these two problems within the Jewish community, one solution might be a new program that would be a variation of the following. The Jewish vocational service and Jewish family service, working together with their local federation, JCC, and synagogue and possibly with some foundation support, would establish a low-interest revolving loan fund. Simultaneously, they would identify businesses that fall into the category described above. The community would set up a small business training program in combination with a small business internship program. After conducting a needs, interests, and capability assessment, the laid-off Jewish professional or businessperson would then be matched up with a small business he or she may wish to buy. After completing an initial training, he or she would do an actual internship at the small business during which the potential purchaser would learn the business hands on. Utilizing a loan from the low-interest revolving loan fund, the business would then be purchased, and follow-along management training would be provided to the new owner. Such a program would meet the needs of the Jewish small businessperson ready for retirement and the unemployed Jewish professional or businessperson. It would assist in neighborhood stabilization, keeping the local businesses within the community. A possible follow-up to such a program could involve the Jewish community relations council and community relations agencies from other communities working together to help provide such a service for members of those other communities.

Helping create economic and neighbor-

hood stability is an absolute necessity for the Jewish community. Above all, we must remember that an economically viable Jewish community that helps create an economically viable broader community is an absolute necessity for Jewish continuity and survival. **Economic instability leads to social unrest and social unrest leads to political instability, and political instability always leads to *tsures* for the Jewish community.**

CONCLUSION

We must restructure the way we are organized, the way we raise funds, and the way we deliver services within the Jewish community. We can do this as a result of crisis management or well-conceived strategic integrated planning.

If the past is truly prologue, we must plan in the finest traditions of well-conceived, well-integrated, and strategically designed Jewish communal planning. We have the technology and the capability. What is desperately needed is the desire to address the problems head on and the will and intestinal fortitude to undertake the implementation of the recommendations resulting from our strategic planning on behalf of our Jewish communities.

REFERENCES

- Womack, James P., Jones, Daniel T., & Roos, Daniel. (1990). *The machine that changed the world: The story of lean production*. New York: Rawson Associates.