

# Early Warning Checklist

Worker Co-op Buy-out Guide

 **co-op ventures**  
**worker co-op**

Prepared for:  
Western Labour - Worker Co-operative Council  
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# Checklist of early warning signs of plant closings

Even before a plant closure is announced, unions, employees and the community can be prepared for the possible need to act quickly to save jobs. Developing early warning systems in the community and plant, negotiating collective bargaining protections and monitoring investment can all help you be ready for the rapid response that is necessary should a plant close. The following checklist suggests issues that can be addressed prior to the announcement of a plant closure. Early preparation increases the likelihood of developing an appropriate response to threatened job loss.

The following questions often can be answered by employees. Early warning systems permit employees and the community to respond effectively to plan for potential closures.

	YES	NO
Is the cost of raw materials, energy, packaging, and transportation greater in your region than in other regions where your company has plants?	<input type="checkbox"/>	<input type="checkbox"/>
Is your plant a considerable distance from sources of raw materials, energy, or from consumer markets?	<input type="checkbox"/>	<input type="checkbox"/>
If your plant is owned by a larger parent company, does your plant or division fall below the company's target profit rate ("hurdle rate")?	<input type="checkbox"/>	<input type="checkbox"/>

	YES	NO
<b>Have there been few significant new investments at your plant in recent years?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has the company stopped doing maintenance tasks? Have maintenance schedules changed?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has there been a noticeable depletion and non-replacement of parts inventories?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Have there been significant decreases in new or replacement parts inventories?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has an innovative competitor developed a product that makes the one you make less marketable?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has your company's share of the market declined?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has your company lagged behind in developing new products which could be produced at your plant?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has the range of products produced by your company contracted?</b>	<input type="checkbox"/>	<input type="checkbox"/>

	YES	NO
<b>Has your plant or company been bought out by a conglomerate or merged with another corporation?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>If it has, has the parent company expanded into new or different activities or product lines where your plant doesn't seem to fit?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Is the new management demanding every possible cost cut?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Have executives in your company recently begun complaining about a "bad business climate," high taxes, or excessive government regulations?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Is the production technology used at your plant being replaced by more up-to-date methods in other companies, regions, or countries?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Alternatively, is new technology going to be introduced in your plant which could lead to significant job losses?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has your company opened a new plant in a low-wage province or country which makes the same product you do?</b>	<input type="checkbox"/>	<input type="checkbox"/>

	YES	NO
<b>Has the company purchased land in a low-wage area suitable for industrial development?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has your company hired a “union busting” consultant or law firm to represent it in dealing with the union?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has management been complaining about high wages and benefits or “restrictive” union work rules?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has management been collecting information which could be used in shifting production to another site?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has anyone noted any correspondence or visitors from consultant firms which specialize in corporate relocations?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Is there excess capacity in your industry/ company/plant? Are plants in your industry/ company running at less than 85% of their capacity?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has employment at your plant decreased over the past year? Five years? Ten years?</b>	<input type="checkbox"/>	<input type="checkbox"/>

	YES	NO
<b>Are there less people working at your craft or job description?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has the workforce gradually become older since you began working at the plant?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Has the company moved any equipment or skilled workers from your plant to other plants?</b>	<input type="checkbox"/>	<input type="checkbox"/>

## Checklist Analysis

Deciding if a plant is in danger of closing is not as simple as adding up your checkmarks and going with the majority. There could be other business reasons behind some of the changes you see happening. However, if you have a substantial number of checkmarks in the YES column, it may be time to start thinking about and planning for a response to plant closure. Lead time is critical in a worker buy-out and you, your union leaders and a co-op business advisor can begin discussions and formulate a plan if closure happens. Additional resources include: [http://www.clcr.org/publications/pdf/early\\_warnings.pdf](http://www.clcr.org/publications/pdf/early_warnings.pdf) and [http://www.steelvalley.org/files/2006\\_sewn%20brochure.pdf](http://www.steelvalley.org/files/2006_sewn%20brochure.pdf)

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*The Early Warning Checklist was re-printed with minor modifications from "Putting democracy to work: a practical guide for starting and managing worker-owned businesses" (1992) Frank T. Adams, Gary B. Hansen Edition: 2, p: 193-196. Published by Berrett-Koehler*

## Next steps

For more information and technical assistance contact the Western Labour - Worker Co-op Council. The Council can be reached care of:

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The Canadian Worker Co-operative Federation is prepared with its network of developers to provide resources and expertise in worker ownership. The partners in the WLWCC have resources and experience in organized worker buy-outs, and relationships with experienced professionals they can bring to bear to raise support for such a buy-out.