

Just Add One Fact Sheet

The Jobs Gap: America's Employment Challenge

America's economic recovery is dependent on solving the impending jobs gap; the [Hamilton Project](#) began an analysis of the jobs gap in May 2010, and noted at that point in time that it would take a robust rate of job creation to close it. But, the stubborn economic recovery is raising concerns about America's ability to reach recovery status. The May 2010 data showed that we would need 125,000 jobs per month to account for new entrants to the labor force. However, as it has become clear that the recovery will persist for at least several more years from today, a more accurate calculation of the jobs gap requires accounting for the ways in which the labor force will evolve. As a result of new adjustments to the data, the new projection required to close the jobs gap is a job creation rate of 208,000 per month [the average rate for the best year of job creation in the 2000s].

Just Add One Initiative: What is it?

Just Add One (JAO) is an initiative coordinated by the National Association of Workforce Boards (NAWB) that builds a collaborative member network of community partners across the country that work collectively within their respective labor markets to provide small businesses with tools, strategies and solutions to help them "add just one" employee. The ripple effect of each small business adding just one employee supports America's need for job creation and reduction of unemployment rates, while providing a mechanism to align business and industry, workforce investment boards, chambers of commerce, economic development organizations, community colleges and community-based organizations to create unique strategies to help local small businesses succeed.

Why Small Businesses: America's Economic Engine

While a single, small business may not generate as much money as a large corporation, they are a critical component of and major contributor to the strength of local economies and local communities. Small businesses present new employment opportunities and serve as the building blocks of the United States' largest corporations. According to the [U.S. Small Business Administration \(SBA\)](#), small businesses represent 99.7 percent of all employer firms (corporation, limited liability company or proprietorship with 500 employees or less). Since 1995, small businesses have generated 64 percent of new jobs, and paid 44 percent of the total United States private payroll, according to the SBA.

- The 23 million small businesses in America account for 54% of all U.S. sales.
- Small businesses provide 55% of all jobs and 66% of all net new jobs since the 1970s.
- The 600,000 plus franchised small businesses in the U.S. account for 40% of all retail sales and provide jobs for some 8 million people.
- The small business sector in America occupies 30-50% of all commercial space, an estimated 20-34 billion square feet.
- The number of small businesses in the United States has increased 49% since 1982.



Small businesses are the backbone of the U.S. economy and the primary source of jobs for Americans. [The Office of U.S. Trade Representative](#) states that small- and medium-sized enterprises (SMEs) also account for the largest group of U.S. exporters and are a major user of imported goods. Small businesses contribute to local economies by bringing growth and innovation to the community in which the business is established. Small businesses tend to attract talent who invent new products or implement new solutions for existing ideas. Larger businesses also often benefit from small businesses within the same local community, as many large corporations depend on small businesses for the completion of various business functions through subcontracting.

Are small businesses hiring?

Wells Fargo, together with Gallup, surveys small business owners quarterly across the nation to gauge their perceptions of their present situation (past 12 months) and future expectations (next 12 months) in six key areas: financial situation, cash flow, revenues, capital spending allocation, hiring, and credit availability. Small business owners as a group are now the most pessimistic they have been since the third quarter of 2010, according to the latest [Wells Fargo/Gallup Small Business Index](#). The Index fell 28 points to negative 11 (-11) in the post-election survey. Key drivers of this decline include business owner concerns about their future financial situation, cash flow, capital spending, and hiring over the next 12 months.

Likely related to owners' pessimism, one in five small business owners (21 percent) expects to decrease the number of jobs at their company over the next 12 months – the largest percentage of small businesses expecting to reduce jobs since the inception of the Wells Fargo/Gallup Small Business Index in 2003. One in four owners (26 percent) reported a reduction in the number of jobs at their company over the past 12 months, representing the largest percentage since the fourth quarter of 2010.

Finding the Sweet Spot

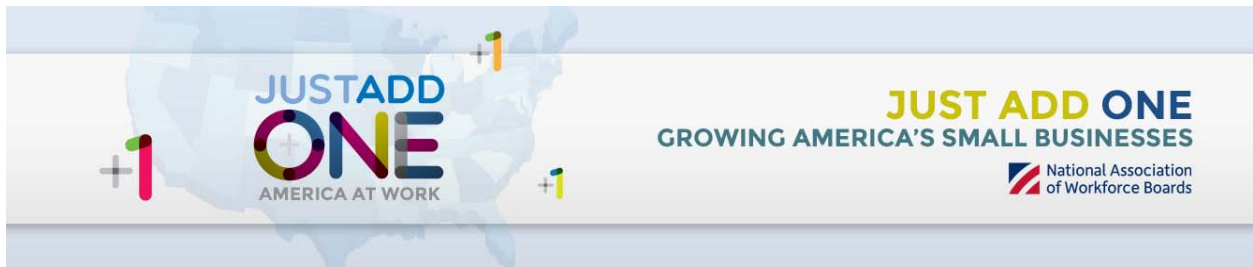
Small business owners understand that there is a point of diminished returns where lost productivity due to a lack of labor negatively affects their profit margin. But, do small businesses really understand the sweet spot for hiring an additional employee and/or the public resources that are available to support that hiring process? To return America to economic prosperity, it's going to take a concerted, substantial collaborative effort to support small businesses in overcoming challenges in business expansion. This is where JAO can support small businesses in moving into expansion mode.

Just Add One Initiative: How It Started

There are various models of the Just Add One (JAO) initiative that have taken place and/or are currently underway across the country. Hats off to the pioneer organizations that serve as our inaugural JAO partners.

[Stanislaus County, California](#) created a six-month campaign among the partners that comprised its alliance called Worknet's StanTogether with a goal to add 1,000 jobs in the local economy. A concerted effort was undertaken to educate more than 200 businesses about the available resources and tools to support the hiring process among the alliance's partners. The area had been plagued by high unemployment rates as high as 16.4 percent with more than 38,200 jobless workers in the county. Partners of the alliance worked to screen prospective applicants and narrow the field to the most





qualified, as well as offered wage reimbursement incentives to train employees which resulted in hiring 1,025 new employees. Taking it one step further, [Jefferson County, Colorado](#) and its workforce and economic development partners are creating an ongoing Add One initiative that builds a systematic approach with all community partners with local toolkits and incentives to help small businesses hire. There are more than 20,000 businesses in Jefferson County that have pledged 396 new hires to date.

Whether a short-term campaign or a long-term initiative, when you join as a Just Add One member, you adopt a process for your community that aligns business and industry, workforce investment boards, chambers of commerce, economic development organizations, community colleges and community-based organizations to create unique strategies to help local small businesses succeed.

For more information, go to www.JustAddOne.net.

About NAWB

NAWB core membership are the nearly 600 Workforce Investment Boards (WIBs) and their 12,000 business members that invest, coordinate and leverage resources and community assets to ensure that state and local workforce development and job training programs meet the needs of employers. For more information, go to www.NAWB.org and www.WorkforceInvestmentWorks.com.