

# What Value Added from Area-based Partnerships during Economic Downturns? US Experience

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**Building Strong Partnerships with the Private Sector for Better Jobs and  
Inclusion**

**OECD/LEED**

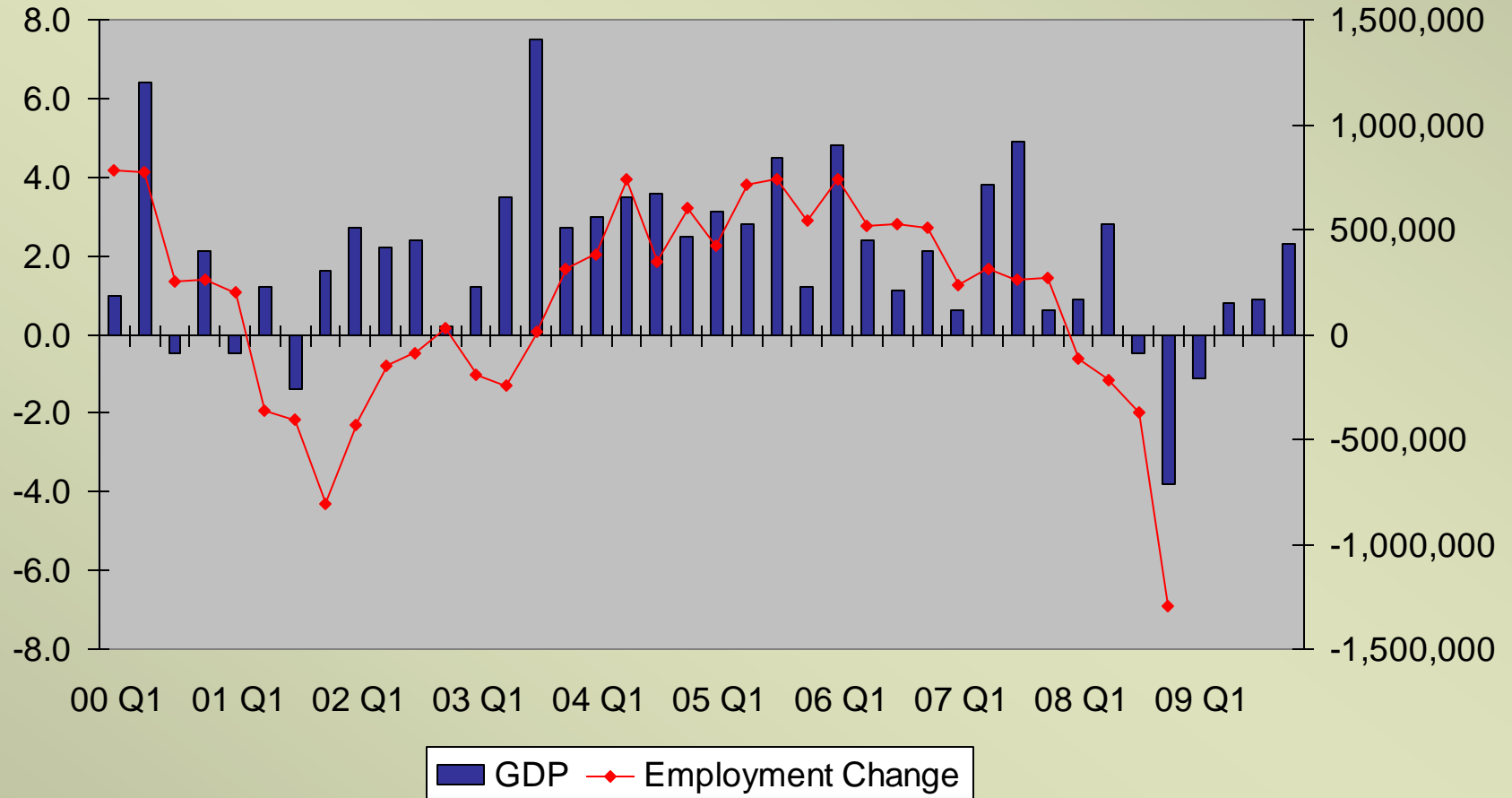
**9-10 February 2009, Vienna**

# Preface

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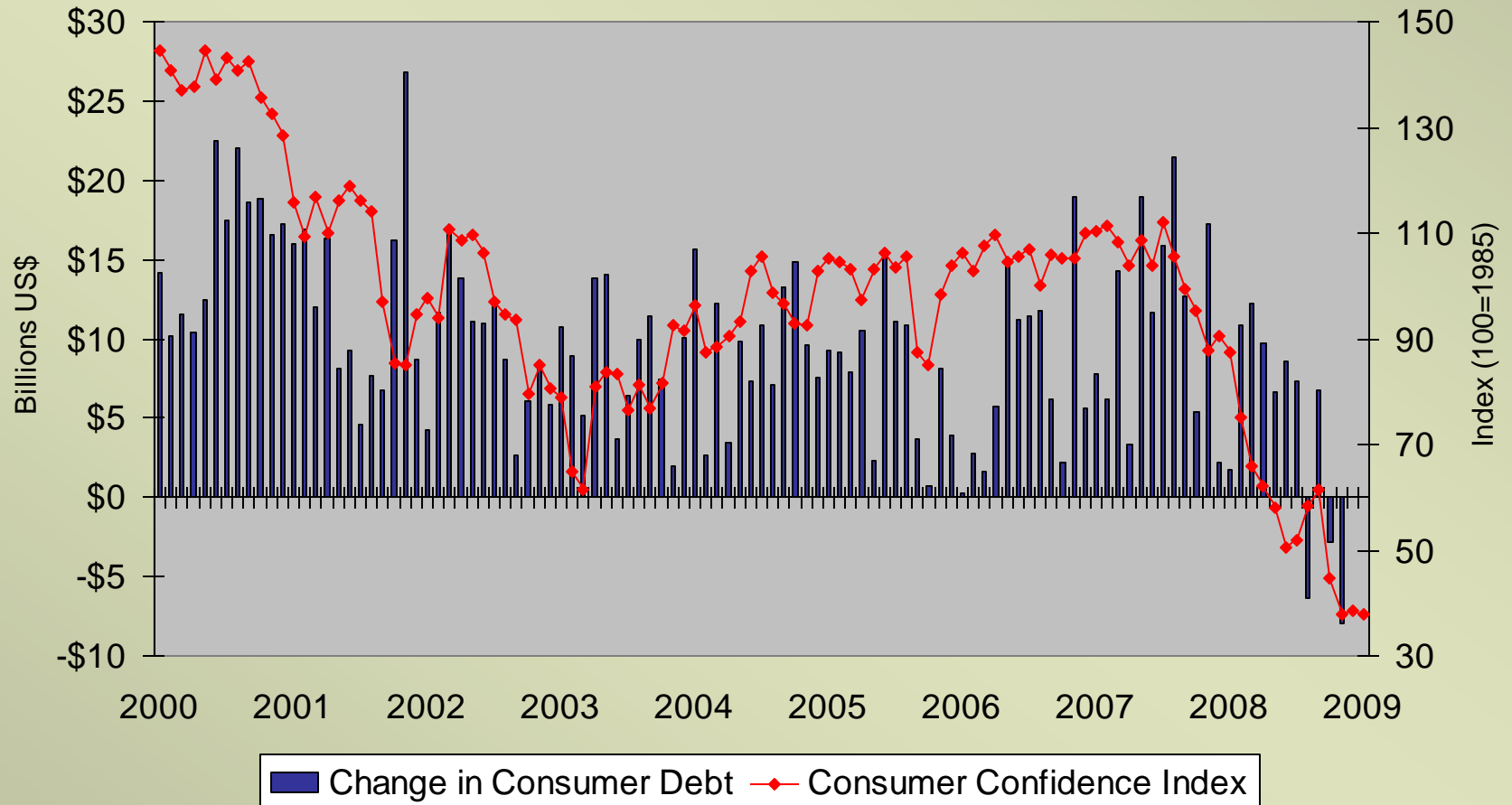
- The world economies are facing difficult times
  - Near collapse of the financial sector
  - Loss of consumer and business confidence
  - Huge job losses in recent quarters
- Government (collective) intervention required
  - Bailouts to financial intermediaries
  - Economic stimulus packages
- Are there benefits, in times like these, for other collective action, such as local partnerships?
- What are the tenets of successful partnerships and what lessons can be learned?

# Quarterly Change in U.S. Employment and GDP



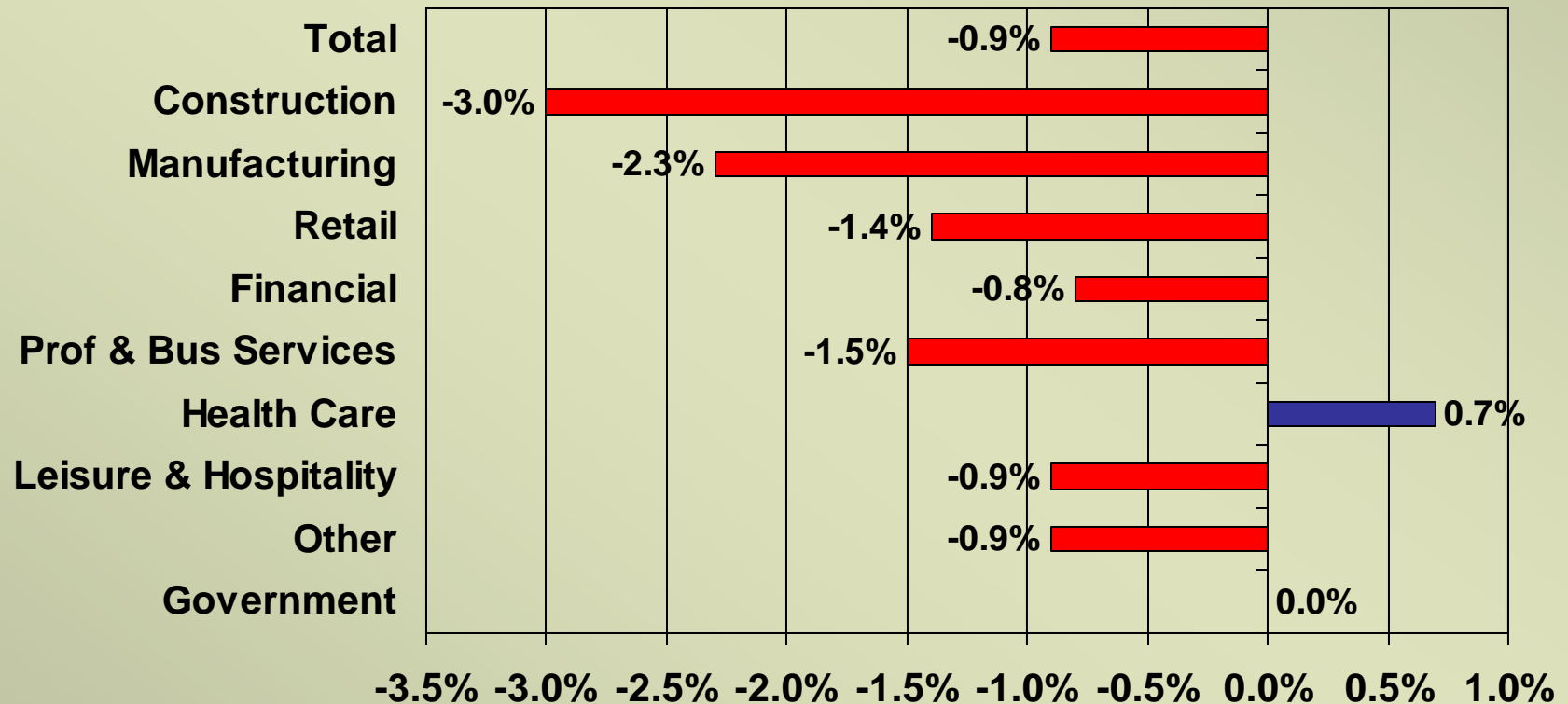
Source: BEA and BLS.

# U.S. consumers are reducing debt amid record-low levels of confidence.



During the last quarter of 2008, nearly every sector of the U.S. economy suffered substantial job losses.

### U.S. Employment Change 2008 Q3 to Q4



# Government Intervention

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- TARP (Troubled Asset Relief Program)
  - \$700 billion assistance to financial sector
- American Recovery and Reinvestment Act
  - \$850 billion proposed to preserve and create jobs, and provide needed investments to increase economic efficiency
- Partnerships: collective public/private initiatives to address the challenges associated with building a globally competitive and prepared workforce
  - National WIRED initiative and numerous state sponsored programs
  - The goal of these initiatives is to provide the resources to and focus on partnerships to “kick-start” lagging regional economies
  - The focus of most partnership initiatives is how to cope with economic challenges for their targeted industry and workforce

# Principles of Surviving/ Thriving in Turbulent Times

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Successful partnerships and successful businesses share similar principles for surviving/thriving in challenging economic times

- **Vision**
  - Know your core business and the direction you want to go
- **Keen understanding of core business and its current challenges and opportunities**
- **Strategic planning**
  - partners must align their resources and activities around a common vision and mission
- **Management by fact:**
  - emphasizing results and adding value
- **Trust and confidence among partners**
- **Valuing employees and partners**
  - Focus on worker talent
- **Agility**
  - monitor performance to make adjustments to operations to stay focused on customers and goals
- **Strong leadership:**
  - Positioning for future competitiveness and driving short-term results
  - Creating conditions for other people to contribute
  - Set high expectations and hold people accountable

# WIRED

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- Workforce Innovations in Regional Economic Development
- USDOL initiative launched in February 2006
  - Conceived from lessons learned since the birth of the public workforce system in the 1930s
- WIRED stresses the critical role talent development and regional partnerships play in creating effective regional economic development strategies
- Based on four principles
  - Recognizes the importance of talent in economic development
  - Understands the power of partnerships among workforce, economic development, business, and educational institutions in promoting economic development
  - Recognizes that some regions need more assistance than others and a one-size-fits-all policy is not as effective as regionally based initiatives
  - Regional entities typically have a better understanding of their challenges and can derive better solutions than national agencies

# WIRED Process

Keen understanding of core business and its challenges and opportunities

Strong Leadership

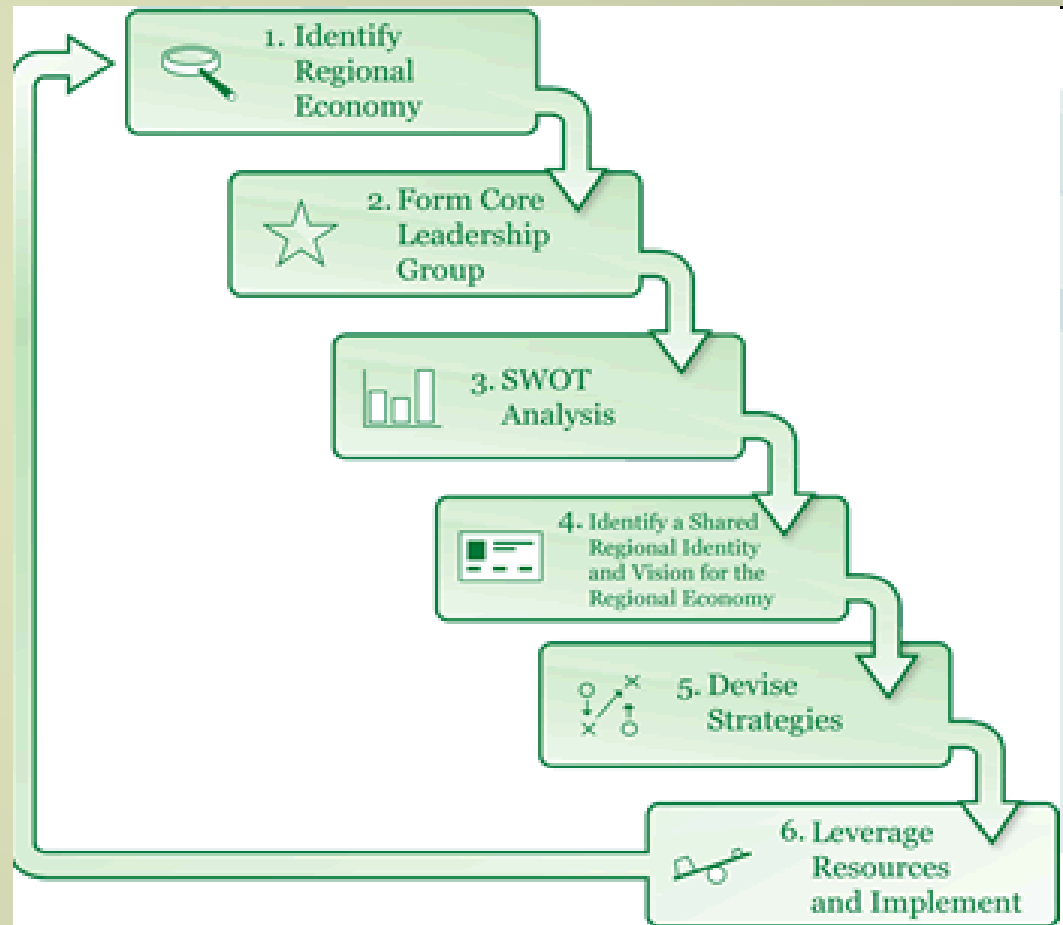
Vision

Strategic planning

Valuing Employees and Partners

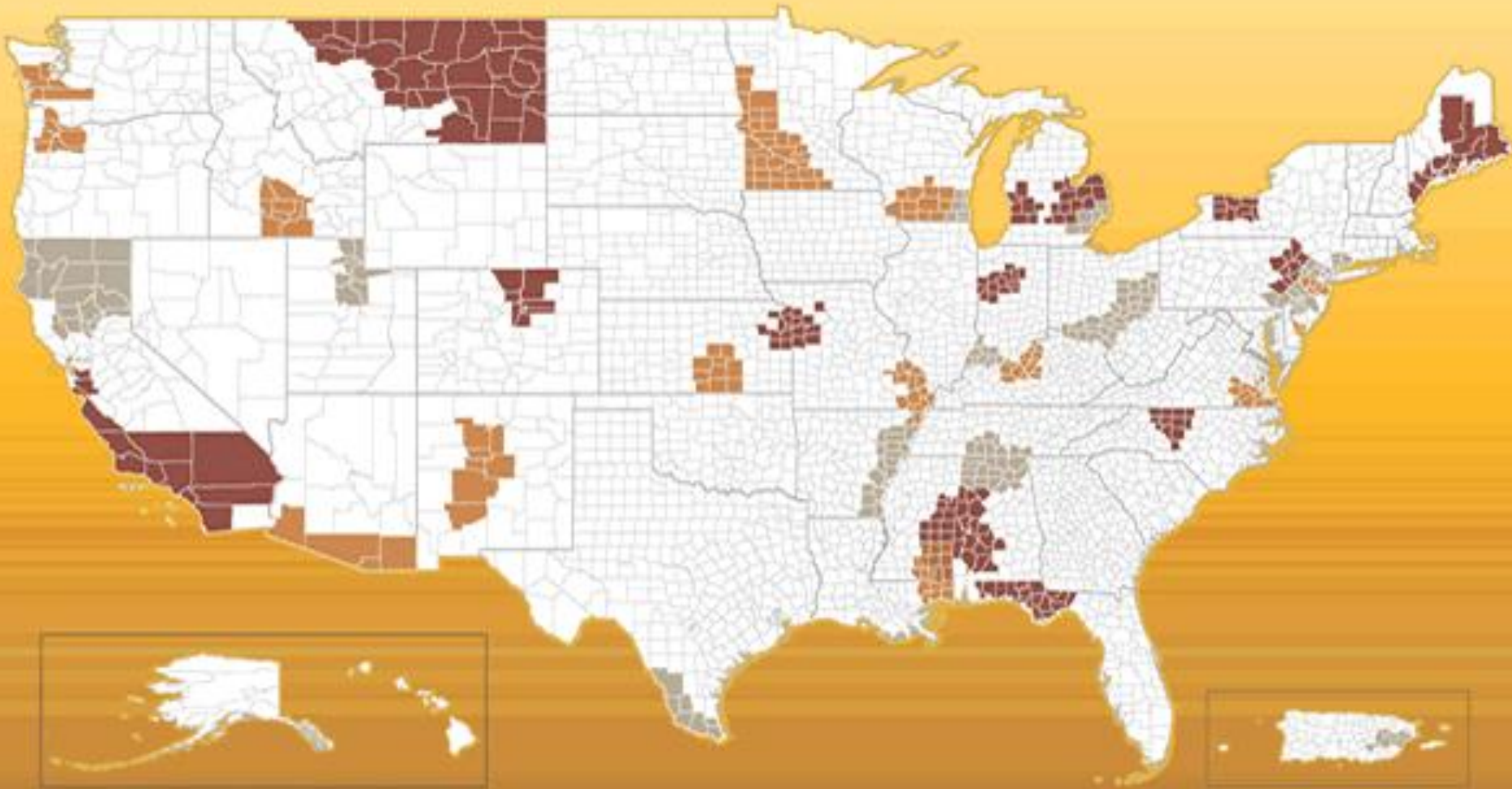
Agility

Management by facts



Source: USDOL/ETA/WIRED website

# WIRED Regions



Source: USDOL/ETA/WIRED website

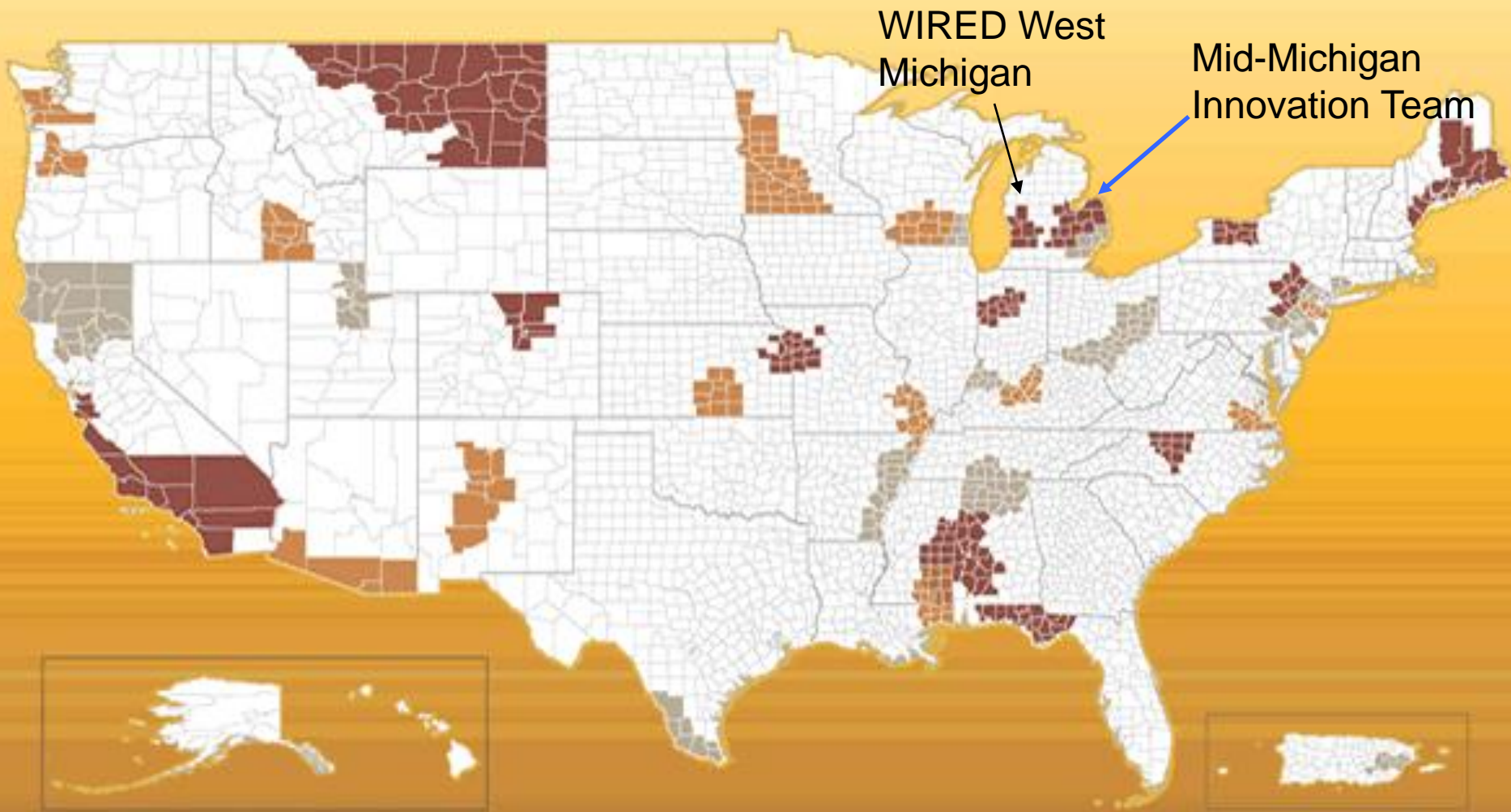
39 WIRED Regions selected across regional economies

Targeted Sectors	# Regions
Advance Manufacturing	20
Aerospace/defense	2
Agriculture/agribusiness/food processing	4
Automotive	2
Biotechnology/life sciences	16
Construction	3
Energy/alternative energy/biofuels	14
Financial services	2
Health care	12
Homeland Security	2
Information technology	11
Logistics/transportation/warehousing	6
Retail	2
Tourism	1
Utilities	2

Diverse set of targeted industries spread across the 39 WIRED regions

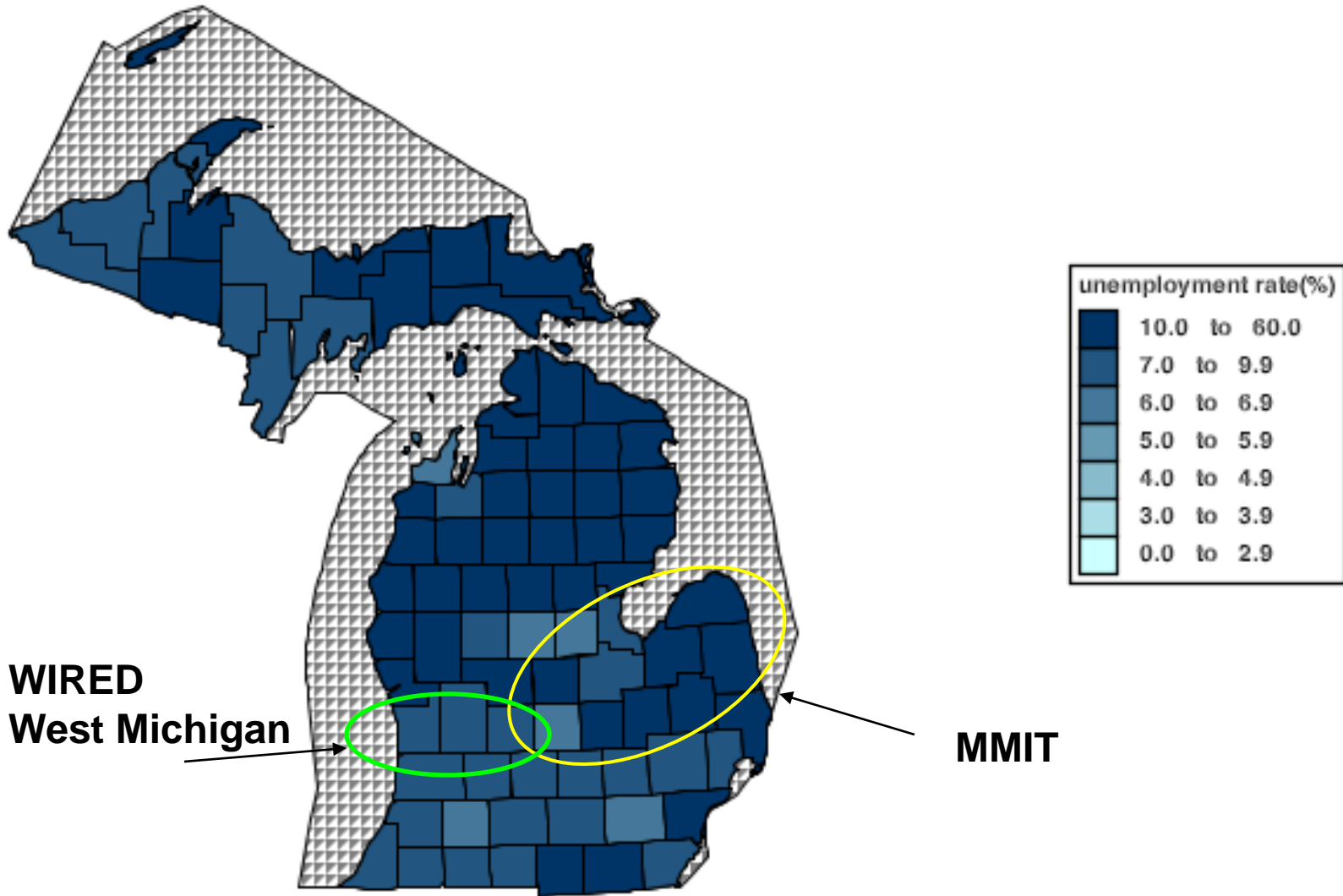
Emphasis on high value added industries

# WIRED Regions



	<b>MMIT</b>	<b>WIRED West Michigan</b>	<b>Metro Denver</b>
Total number of employees (2006)	492,665	519,086	1,326,742
<i>Proportion of Region's Workforce</i>	% region	% region	% region
Other Services	5	4	3
Agriculture & Mining	1	1	1
Construction	6	5	8
Manufacturing	18	26	9
Utilities, wholesale, retail, transportation	22	20	22
Information	2	2	5
Finance, Insurance, Real Estate	7	5	9
Professional, scientific/technical services, administrative support	12	13	19
Education, health care, social assistance	17	15	12
Arts, entertainment, recreation, food service, accommodation	13	10	12

Unemployment rates by county, not seasonally adjusted, Michigan November 2008



# MMIT Background and Goals

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- Mid-Michigan has a strong base of knowledge and infrastructure in manufacturing
  - Suffered because of the decline in the auto industry, particularly GM
- The region's future success is directly related to its ability to transform automotive supplier firms once tied to General Motors to new manufacturing markets.
- MMIT plans to achieve this through working with firms to assess their capabilities, utilizing the vast research and development resources and expertise of its universities to create new technologies, embarking on improvements with the retraining of their incumbent workforce
- MMIT's overarching objective - to catalyze regional economic transformation - will be organized under three primary goals:
  - Reinvent it's industrial base through innovation;
  - Develop next generation talent through learning; and
  - Asset-building through connections and partnerships.

# MMIT Partners

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Focus is on: Advanced manufacturing, bio-fuels, life sciences, construction, and supply chains

## Learning Communities

Healthcare  
Construction  
Auto/Advanced  
Manufacturing  
Biofuels  
Entrepreneurship  
Business incubators

## Business Innovation Activities

Greater Flint Health  
Coalition  
Saginaw Valley State  
University  
Lansing CC  
Michigan Manufacturing  
Technology Center  
Center for Automotive  
Research

## Talent Development Activities

Kettering University  
Lansing CC  
Michigan State  
University  
Mott CC

# MMIT

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## Successes

- Small business development:
  - MMIT's customer marketing and diversification program has assisted a number of small businesses
- Talent Development:
  - Allows high school students to take college courses in sustainable energy and intern with employers
- Leveraged funds:
  - Foundations have contributed \$10 million
- Regional Collaboration:
  - Developed learning communities to foster networking

## Challenges

- Regional Identity:
  - Disparate communities with different types of employers and levels of worker skills
- Shared Vision:
  - Have different goals for WIRED
- Workforce System Involvement
  - Uneven involvement by local workforce boards and little collaboration

# WIRED West Michigan

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- West Michigan is losing its innovation edge to other regions and countries
  - Once the center of commercial furniture industry (Steelcase, Haworth, Herman Miller)
  - Integral part of auto supply chain
- Goal is to transform the region's workforce investment and education systems to provide the skilled workers needed to compete in today's "innovation" economy
- Four different types of innovations
  - Market intelligence: identifying emerging growth sectors
  - Innovation Infrastructure: develop a culture of innovation
  - Workforce System Transformation: establish a credentialing system
  - Enterprise Development: stimulating entrepreneurship and new business creation

# WIRED West Michigan Partners

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Focus on: life sciences, alternative energy, and sustainable manufacturing

## Market Intelligence

Best Michigan  
Upjohn Institute

## Innovation Infrastructure

The Right Place  
Van Andel Institute

## Enterprise Development

Grand Valley State  
University  
West Michigan Science  
and Technology  
Initiative  
Kellogg Foundation  
Michigan State  
University

## Workforce System

Grand Rapids CC  
Workforce Investment  
Boards  
Healthcare RSA  
School districts

# WIRED West Michigan

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## Successes

- Small business development:
  - Providing social work support to help recent welfare recipients adapt to workplace
- Talent Development:
  - Exceeded its goal of testing and credentialing workers and number of employers using the certification
- Leveraged funds:
  - Foundations have contributed \$10 million
- Regional Collaboration:
  - Developed website to share best practices

## Challenges

- Administration:
  - Turnover of key staff
- Regional Identity/vision:
  - Pre-existing tension between three major cities has made it difficult to act regionally
  - Rural counties do not feel included

# Conclusion

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- Partnerships can provide value-added in an economic downturn by:
  - Forcing regional stakeholders to focus on core principles of effective organizations
  - Complementing the efforts of local businesses by sharing vision and operational principles
  - Leveraging key resources
  - Developing the skills of the local workforce to meet the current and future needs of businesses
- Yet, there are no rigorous evaluations of their effectiveness
- Most regional partnerships were formed to cope with challenges in their local economies
  - The global economic downturn has made these challenges even more difficult
- As governments step forward with stimulus packages, partnerships and (decentralized decision-making) can help direct these funds to people and businesses who need it most and can provide the biggest impact