

# *manufacturing workforce* **SUMMIT**

## **Summary of Manufacturing Workforce Summit**

On May 13, 2003, more than 210 individuals attended the Manufacturing Workforce Summit which was a half-day event held at the Chicago Hilton and Towers. The purpose of the summit was to provide a forum for solutions-oriented representatives from manufacturing, education and training, and policy agencies to discuss and recommend feasible solutions to the workforce challenges manufacturers are facing.

The summit was convened by the eight Workforce Boards of Metropolitan Chicago in cooperation with the following co-sponsors: Candy Institute/Food Chicago, Chicago Manufacturing Center, Chicagoland Chamber of Commerce, Chicago Federation of Labor, Greater North Pulaski Development Corporation, Illinois Manufacturers' Association, Lake County Partners, Management Association of Illinois, McHenry County Economic Development Corporation, Printing Industry, Association of Illinois and Indiana, Three Rivers Manufacturers' Association, Tooling and Manufacturing Association, Valley Industrial Association, and World Business Chicago. The Workforce Boards represent the areas of the City of Chicago and DuPage, Kane, Kendall, DeKalb, Lake, McHenry, North and Northwest Cook, South and West Cook, and Will counties.

The Summit is intended to be a first step in the formation of region-wide, long-term, cross-organizational partnerships ready to take action in addressing the issues impacting development of a highly skilled and flexible manufacturing workforce. The Workforce Boards of Metropolitan Chicago will work with their partners and stakeholders in developing and implementing action plans which address priority Summit recommendations.

## **Overview of the Summit Program**

Sandra Pierce, President of Phoenix Woodworking and Chair of the McHenry County Workforce Board, served as the summit chair. In her remarks to attendees, she stressed the importance of manufacturers having access to a skilled workforce.

## Keynote Address

Bill Strauss, Senior Economist and Economic Advisor of the Federal Reserve Bank of Chicago, delivered the keynote address. His presentation focused on trends in manufacturing employment and productivity over the last fifty years. His statistics showed that manufacturing in the U.S. is not disappearing. For example, although employment in the service sector has surpassed manufacturing employment as a share of the nation's employment over the past 50 years, the actual number of manufacturing jobs has been relatively stable over that period, averaging a .3% growth per year since 1947. Additionally, over the past 50 years, productivity in the manufacturing sector increased 2.8% per year, as compared to the 2.2% per year increase experienced by the nonfarm business sector. This growth has been particularly strong in the durable goods sector. The impressive productivity growth, largely attributed to the use of technology, has allowed the manufacturing output to grow 600 percent since 1947, much greater than the overall economy. The strong productivity growth has kept price increases in manufacturing below overall price increases. Consequently, manufacturing comprises a smaller share of the GDP over time; in 2002 manufacturing's share of the GDP was below 15%. He discussed the link between the current recession with steep declines in manufacturing employment and output over the past couple of years. He reported that average wages continue to be higher in manufacturing but that the service sector is catching up.

Mr. Strauss presented information showing that although the recent recession has resulted in a sizable employment decrease in manufacturing employment, it has also affected all other sectors. Mr. Strauss also reported that manufacturing jobs in Illinois and Chicago have declined at a slightly higher rate than the nation as a whole.

## Panel Discussion

A panel discussion followed which addressed the strategies and challenges of building a competitive manufacturing workforce. Mr. Paul O'Connor, Executive Director of World Business Chicago, served as the panel facilitator. Panelists included Bernard Bertsche, CEO of Camcraft, Inc.; Gary Herrigal, Professor of Political Science, University of Chicago; Timothy Leahy, Secretary/Treasurer, Chicago Federal of Labor, AFL-CIO; and Jim Reeb, Operations Manager, Caterpillar, Inc. Following is a brief summary of each panelist's presentation.

Jim Reeb spoke to the challenges facing the manufacturing industry. Specifically, the educational outcomes of our children; the industry's aging workforce, the image of manufacturing, and the effect of global competition and technology. Mr. Reeb then shared information on Caterpillar's response to these challenges. Educational initiatives include Caterpillar University, the Manufacturing Professionals Development Program, a cooperative partnership with the Education to Careers Program, internships, and job skills development opportunities. After reviewing Caterpillar's impressive workforce

development and training programs, Mr. Reeb concluded his presentation by identifying the following as priority items for the manufacturing industry:

- Address employee basic skill needs, which include reading, math and work ethic;
- Encourage private and public sector partnerships that provide high school students with internships;
- Promote manufacturing as a career; and
- Address the growing importance of the Hispanic community.

Bernard Bertche reported that the manufacturing industry is down 30% from the end of 2000. He stated that many companies are simply not re-investing due to limited resources. This means there are very few opportunities for employee training. Mr. Bertche said that Camcraft knew what it had to do to stay in business. Camcraft identified the core competencies its employees needed and developed apprenticeship programs to provide employees with those skills. It invested heavily in new equipment; to see a return on that investment, employees had to be able to operate equipment six days a week, 24 hours a day. Mr. Bertche also spoke to the changing workforce and the opportunities for the Hispanic and Polish population. He challenged large companies, such as Caterpillar, to partner with and assist small companies in developing a skilled workforce.

Timothy Leahy challenged the information presented by keynote speaker William Strauss; he asserted that manufacturing is in a state of crisis. He pointed out that real earnings have fallen 9% and healthcare costs have increased at a rate of 10% per year. Mr. Leahy noted the benefits provided to workers of unionized manufacturers and attributed most of the problems in manufacturing to the fact that this country has no industrial policy. Mr. Leahy spoke to the plight of the small manufacturer. He stressed the need for fair trade laws and the revision of tax laws.

Gary Herrigal reviewed the re-structuring of U.S. manufacturing since the 1970's and noted that while there has been significant job loss, manufacturing still accounts for a great deal of the U.S. employment. He noted that four out of five job losses have been in unionized jobs, urban manufacturing employment has decreased while suburban and rural has increased, and employment in small and medium size firms has risen. As employment and production shifts from large companies to medium and small businesses serving as suppliers, challenges emerge. Medium and small businesses lack the competence in development and design as well as a flexible, skilled workforce. Therefore, public and private strategies must be deployed to assist the smaller companies acquire the training and upgrading its workers require as well as the managerial and organization skills needed.

## Action Group Breakout Sessions

Following the panel presentation, attendees participated in one of five action groups. Each of the sessions included a moderator and presentations on either best practices or resource information related to the respective action group topic. A brief explanation of the purpose, information shared, and discussions for each of the action group sessions follows.

### ➤ Action Group #1: Building the Image of Manufacturing

The purpose of Action Group #1 was to recommend actions to improve the image of careers in manufacturing and recruit a strong workforce. Much of the group's discussion focused on the need to raise awareness of the importance of manufacturing to this country's economy. Unfortunately, manufacturing is invisible as a process – we only see the product. Efforts to increase awareness should focus on the sharing of information about high skill, career opportunities in manufacturing and data on earnings. A variety of resources and strategies for increasing student, parent and guidance counselors' level of exposure to information about manufacturing were identified. The point was made that manufacturing is not just what happens on the plant floor but also marketing, selling, etc. How we define manufacturing needs to be broadened. Also, the focus should be on what manufacturing will look like in the future and preparing a pipeline of skilled workers. The impact of globalization on the manufacturing industry and importance of mobilizing manufacturers to become politically proactive was also discussed.

### ➤ Action Group #2: Raising the Foundation and Technical Skills of Entry-Level Employees

The purpose of Action Group #2 was to recommend actions to raise the capacity of entry-level employees to meet employers' expectations. The group's discussions focused on the value of developing skill standards/certification in a specific sector of manufacturing. Advantages of the developmental process included: engaging committed companies in the development of job profiles for demand occupations; engaging educators/trainers in the development of certificate-based curricula; and creating results through increased placements in jobs. Additional discussion addressed the need to identify career paths/stairways for entry level employees, the promotion of partnerships between schools and manufacturers to address basic skills deficiencies, the identification of specific technical skill needs for entry level employees, and the adoption of common job descriptions for similar jobs across industries.

### ➤ Action Group #3: Raising the Skills of the Current Workforce

The purpose of Action Group #3 was to recommend actions to strengthen the capacity of both the region's training and education system, and employers' ability to

continuously develop the skills of the current workforce. In relation to instituting training and upgrading worker skills, this group identified a number of strategies and actions to meet the increasing demand for high-tech, advanced manufacturing skills. Those strategies include: providing state-of-the art training centers, establishing employer-demanded core competencies, developing standardized curricula, developing a credentialing process through industry advisory boards, providing workers with a clear understanding of career paths, and establishing apprenticeship/internship programs. In terms of first steps, the group discussed forming an advisory board of businesses to promote training initiatives, identifying core competencies needed in manufacturing jobs, creating an environment where training is non-threatening, providing training opportunities both at the company site and in educational institutions, and disseminating information on public funds available to assist with training efforts. The group identified several actions that would advance training for incumbent employees such as suppliers' provision of modern equipment for training purposes, tuition assistance for internships with companies, and the use of one-stop centers to establish linkages between job seekers, training graduates and company vacancies. Clearly, responsibility for promoting and providing training to the existing workforce rests with both the private and public sector.

➤ Action Group #4: Developing, Advancing and Recruiting the Immigrant Workforce

The purpose of Action Group #4 was to recommend priority actions to tap and develop the skills and knowledge of the region's immigrant labor force. The group discussion focused on cultural sensitivity, American work culture, role of the management, development of skills that lead to advancement, and provision of contextual ESL instruction in relation to the immigrant workforce. The company's need for individuals to be productive quickly and the need for a responsive training and education system to address immigrant skill and communication deficiencies were identified as key issues. Various strategies for developing the immigrant workforce, including pay for knowledge programs, mentoring/coaching techniques, and cooperative working relationships with immigrant organizations were identified. There was also interest in broadening the focus of immigrant workforce issues to include the children of immigrant parents, who may comprise a substantial share of manufacturing's next generation workforce, and the development of programs that advance immigrant workers beyond entry level positions.

➤ Action Group #5: The Challenge to Small Manufacturers of Developing a Skilled Workforce

The purpose of Action Group #5 was to recommend actions to help small manufacturers overcome resource and staff challenges that limit hiring qualified employees, upgrading skills, and retention. The group discussion focused on improving the relationship between small manufacturers and the education and training community. Specific issues discussed included: the need for a "human

capital” information system that identifies job and training resources, a re-branding of manufacturing careers as a profession such as nursing, innovative public-private partnerships, customized training solutions, industry-driven training solutions, and the need for improved assessment/sorting strategies. There was also considerable discussion regarding the need to establish stronger and more consistent lines of communication between the education and training community and small manufacturers which will result in a better understanding of the small manufacturer’s needs, increased manufacturer knowledge of training/educational services available, and a building of trust.

## Recommendations for Action

All attendees reconvened for a discussion of each Action Group’s top three recommendations, which were presented by the moderator or a designated panelist. Bruce Braker, President of the Tooling and Manufacturing Association served as moderator for the panel.

- Harry Moser, President of Charmilles Corp., presented the following recommendations for Action Group #1 - Building the Image of Manufacturing:
  - Educate and influence Congress; they must understand that international trade is hurting the U.S. manufacturer and the difficulty of competing with China.
  - Spread the word regarding manufacturing careers; use the excellent resources that already exist for this purpose.
  - Encourage students and guidance counselors to attend trade shows and take advantage of similar opportunities.
  
- John Winzeler, President of Winzeler Gear, presented the following recommendations for Action Group #2 - Raising the Foundation and Technical Skills of Entry-Level Employees:
  - Initiate pilot project for developing a certificate training program with standardized curricula that addresses skill sets for key jobs of various employers.
  - Expand communication between education and manufacturers and promote more interaction/involvement.
  - Increase the sharing of information about career opportunities in manufacturing and stress the opportunities for advancement.
  
- Friederika Kaider, Director of the Candy Institute/Food Chicago, presented the following recommendations for Action Group #3 - Raising the Skills of the Current Workforce:
  - Promote the development and delivery of training programs for incumbent workers that are employer-driven. These programs should subscribe to skill

- standards, form part of a comprehensive career path, and offer industry and education credentials.
  - Develop a manufacturing training system that utilizes state-of-the-art equipment so as to equip workers with the skills needed for high-tech, advanced manufacturing practices.
  - Form an educational advisory committee that is representative of all stakeholders to help drive the actions needed to develop a manufacturing training system.
  - Encourage the use of public and private resources to assist with incumbent worker training programs.
- Damayanti Vasudevan, R.R. Donnelly, presented the following recommendations for Action Group #4 - Developing, Advancing and Recruiting the Immigrant Workforce:
- Form a coalition of manufacturers, educators and community organizations that drive public policy changes that impact the education, skill development, cultural integration, funding, and legalization issues related to immigrant population.
  - Develop a resource guide that increases awareness of resources and programs that support integration of the immigrant workforce.
  - Identify and foster best practices that support the education, skill development, cultural integration and legalization of immigrants for replication purposes.
- Demetria Giannisis, Chicago Manufacturing Center, presented the following recommendations for Action Group #5 - The Challenge to Small Manufacturers of Developing a Skilled Workforce:
- Collaborate to address challenges and identify cost effective solutions; establish a working relationship between small manufacturers and the workforce development system.
  - Assist the education community in understanding the needs of small manufacturers.
  - Develop capacity to respond quickly to the pressures of innovation.

## Conclusions

The Workforce Boards of Metropolitan Chicago and its co-sponsors will meet in June 2003 to review outcomes and recommendations from the Summit. As part of that review, recommendations will be categorized and Summit attendees will be invited to participate on Manufacturing Workforce Action Teams that will address Summit recommendations. It is anticipated that through the collective efforts of manufacturers, labor, educators, industry associations, community organizations, workforce boards, and other interested persons, actions taken as a result of this Summit will impact the future of manufacturing in the Metropolitan Chicago region.