

*transportation, warehousing,
and logistics workforce* **SUMMIT**
convened by the Workforce Boards of Metropolitan Chicago

Summary of Transportation, Warehousing & Logistics Workforce Summit

The Transportation, Warehousing and Logistics Workforce Summit was held on March 3, 2004 with approximately 250 registrants. This event was held at the Hyatt Lodge, 2815 Jorie Boulevard, Oakbrook, Illinois from 8:30 a.m. to 1:00 p.m. The Workforce Summit provided a forum for solutions-oriented representatives from the transportation, warehousing, and logistics industries, as well as colleagues from education and training, and policy agencies to discuss and recommend feasible solutions to workforce challenges.

The Transportation, Warehousing, and Logistics Workforce Summit was convened by the nine Workforce Boards of Metropolitan Chicago in cooperation with the following Co-Sponsors: Central States Expedited Carriers Association, Chicago Area Transportation Study, Chicagoland Chamber of Commerce, Council of Logistics Management, DuPage County Department of Economic Development & Planning, Enterpriz, Grand Victoria Foundation, Greater O'Hare Association of Industry and Commerce, McHenry County Economic Development corporation, The Traffic Club of Chicago, Warehousing Education and Research Council, Will County Center for Economic Development and World Business Chicago. The Workforce Boards of Metropolitan Chicago represent the areas of the City of Chicago, South and West Cook County, DuPage County, Grundy/Livingston/Kankakee Counties, Lake County, McHenry County, Kane/Dekalb/Kendall Counties, Northern Cook County, and Will County.

The Workforce Summit was part of the initial steps towards the formation of region-wide, long-term partnerships to address the issues impacting the development of a highly skilled workforce for transportation, warehousing and logistics industries. Working with their industry partners, the Workforce Boards of Metropolitan Chicago will develop and implement plans to address priority Summit recommendations.

Overview of the Summit Program

The Summit was chaired by John Crowe, Director of Operations for Sprint Customer Solutions Center-Bolingbrook and Co-Chair of the Will County Workforce Investment Board. In his opening remarks to the attendees, Crowe stated that labor market issues and solutions do not stop at jurisdictional borders and the mission of the Workforce Boards of Metropolitan Chicago is to drive strategic alliances that advance the region's economic vitality. Crowe gave an overview of the Governor's Critical Skill Shortage Initiative, which will identify skill shortage occupations in three targeted sectors, examine the root causes of the shortages, and develop solutions to address these root causes. He noted that the transportation, warehousing, and logistics industry is one of the three key sectors that the Workforce Boards of Metropolitan Chicago have identified as the focus of their regional Critical Skills Shortages Initiative.

Keynote Address

Rick Blasgen, the Senior Vice President of Integrated Logistics for ConAgra Foods, delivered the keynote address. Blasgen is a member of the Council of Logistics Management Executive Committee, chairs the Grocery Manufacturers of America Logistics/Distribution Committee, and is a member of Northwestern University's Transportation Center Business Advisory Committee.

At ConAgra, Blasden works to implement strategies for his company's supply chain management programs and initiatives. He noted that the supply chain is only as strong as its weakest link and stated that his goal is to make it a pipeline because it is key to the economic health of the company. Blasgen's presentation focused on the role and impact of transportation, warehousing, and logistics both nationally and regionally. The economic impact nationally is approximately \$910 billion and \$55 billion regionally. He estimates that the industry employs 9.4 million individuals nationally and 335,000 are employed in the Chicago Metropolitan region. The workforce challenge for these industries is that, although jobs are growing in the U.S., qualified applicants are not available to fill them. There are labor shortages in key areas. In addition, 40 to 50% of the transportation workforce will retire within ten years creating an even greater need. Compounding the problem, the annual rate of labor force growth is diminishing.

The most critical workforce skills, according to Blasgen, are career motivation, ability to work in and lead teams, industry knowledge, technical skills, and workplace adaptability. He recommends that technology be integrated in all forms of training and education, continuous learning be provided at all levels, and cross-organizational career ladders be identified. The industry is growing in stature and credibility, but the workforce is not keeping pace.

Panel Discussion

Following the keynote, a plenary panel discussion was held with industry experts who addressed the strategies and challenges of building competitive transportation, warehousing, and logistics workforces. John Greuling, President and CEO of the Will County Center for Economic Development and Will County Chamber of Commerce, served as the panel moderator. Greuling noted that Chicago is at "Main and Main." It is the logistics center of the country. Chicago is the largest container port in the United States and the third largest in the world. He urged the audience to take advantage of our location and to work together to meet the workforce needs of this industry.

Panelists included Cecelia Hamilton, Human Resources Director with RR Donnelley Logistics; Jeannie Hamilton, Director of Organizational Development in the Logistics and Distribution division of Walgreens; and Mike Ruminski, Chicago Operations Manager for Schneider National. The following is a brief summary of each panelist's presentation:

- Cecelia Hamilton addressed the workforce challenges faced by the industry and the steps taken by RR Donelley to solve them. In the pre-employment screening process, background check guidelines were instituted. Bi-lingual supervisors and human resource site coordinators were hired to address language barriers. Employees are given advance notification of shift changes, which may be impacted by the availability of public transportation. To provide affordable health care, costs are analyzed and are shared between the employer and employee. To offset the flat career path, there is a need to be creative and provide job enrichment.
- Jeannie Hamilton addressed the challenge of staff turnover and shared her company's perspective on workforce issues. Walgreens wants all employees to understand that employment is not just a job but rather a career path. Management's goal is to make employees aware of the importance of their jobs. Emphasis is placed on how the work performance of one employee impacts all employees, the company's profitability, and ultimately, customer satisfaction. Hamilton stated that education on the business as a whole, and technology certification, is an ongoing, cumulative process. A new generation of Walgreens Distribution Centers is underway which will utilize leading-edge technology, employ persons with disabilities, and recreate the corporate culture.
- Mike Ruminski addressed both the quantity and quality of truck driver capacity at Schneider National and in the United States. Although 320,000 job inquiries are received by Schneider annually, only 3% are qualified for hire and trained. Most applicants are inexperienced, and only 18% are owner-operators. Schneider annually spends \$40 million on recruitment and training, but there is a 60-70% turnover rate. This turnover rate is considered to be good for the industry as a whole. The Bureau of Labor Statistics projects the need for a 23% increase in drivers by the year 2010. Ruminski suggested that increased career awareness is an important strategy for addressing this need. Technical training, including math and English, should be offered to employees. Displaced workers should be provided with an avenue to the industry. Technology enhancements should be offered to increase productivity. Rising medical costs erode the value of drivers' benefits and pay increases should meet the rise in U.S. median incomes. He suggested that continued education and emphasis on safety, recognition programs, and job security, would help this industry. He also suggested that the industry would benefit from a campaign that promotes a positive image of the profession.

Action Group Breakout Sessions

Four Action Groups were offered to the attendees following the plenary panel presentation. Each session included a moderator and expert resource presenters who provided best practices and information related to the respective Action Group topic.

A summary of the purpose and discussions for each of the sessions is as follows:

- **Action Group #1: Preparing and Recruiting Qualified, Entry Level Employees**
Moderator: Dr. Gary S. Wilson, Elmhurst College.
Expert Resources: Jeannie Hamilton, Walgreens and Dr. Shirley Knazze, Richard J. Daley College

The purpose of Action Group #1 was to address the gaps in skills and the education and training entry-level employees need. Employers participating in Action Group #1 indicated that they are finding it difficult to recruit entry-level employees with math skills, basic computer skills, writing skills, and basic literacy. In addition, entry-level employees need to be able to follow directions, be part of a team, be reliable, and be motivated. It is significant that entry-level employees interview for positions within the industry with no clear understanding of a particular job or the industry. It is also noted that there are few qualified entry-level applicants with management or leadership ability.

- **Action Group #2: Retaining, Upgrading, and Advancing Current Employees** Moderator: David A. Wilson, University of Illinois, Chicago
Expert Resources: Mike Ruminski, Schneider National, Richard Smith, International Brotherhood of Teamsters, Local 781 and Carey Skoglund, Ace Hardware Corporation

The purpose of Action Group #2 was to address the workforce problems of retaining, upgrading, and advancing current employees. The discussion centered on why companies are having difficulty in keeping and promoting their current workforce. It was noted that pay scales are often not competitive and provide insufficient motivation for employees to stay with the companies. Employers indicated that they lose too many employees at the two to three year point, wasting the initial training and experience. In addressing the turnover rate, a discussion identified the need for companies to foster company pride, provide adequate information on career advancement opportunities, and offer educational programs. It was also noted that many companies are not involved with, nor do they invest in, their local communities

- **Action Group #3: Helping Small Business**
Moderator: James Middleton, Genex, L.P.
Expert Resource: James Fiedler, Chicago Transit Authority.

The purpose of Action Group #3 was to discuss workforce issues encountered by small companies. It was noted that small businesses face difficult challenges due to their smaller scale operations and fewer resources than their larger competitors. They are unable to provide comprehensive in-house training. Most small companies do not have a human resource department to provide technical and psychological support for employees or the capability to adequately screen applicants. When hired, new employees are often not provided with an adequate orientation to the company. The limited resources prevent company involvement with community stakeholders often resulting in employees feeling disconnected, and causing low morale.

- **Action Group #4: Developing Critical Skills and Industry Workforce Issues**
Moderator: John Caltagirone, The Revere Group
Expert Resources: Rick D. Blasgen, ConAgra Foods, Cecelia Hamilton, RR Donnelley Logistics

The purpose of Action Group #4 was to identify critical skills and to examine industry workforce issues. The critical skills discussion focused on categorizing workforce skills. Skills were divided into two groups: common skills and industry specific skills. Common skills included work ethic, teamwork, communication, adaptability, interpersonal, employer/employee relations, math, reading, technology, and problem solving and processing. Industry skills are managerial, technical, leadership, specific computer knowledge, and an ability to understand and follow documentation.

The industry workforce issues were discussed in relation to the highest priority needs in the next 3-5 years. There is a lack of career awareness with students and their parents. Entry-level industry certification programs are not available. Employee transportation issues are not being given adequate consideration in company site locations. Turf issues prevent sharing and partnerships, and there is a lack of information on educational funding.

Recommendations for Action

All attendees reconvened for a discussion of the Action Groups' recommendations, which were presented by the Action Group moderators.
John Greuling presided.

Action Group #1: Preparing and Recruiting Qualified, Entry Level Employees
Dr. Gary S. Wilson, Presenter

- Facilitate employer and job training organizations to promote best practices and bridge programs
- Create a skilled certification through a collaboration of private, public sector, and educational institutions.
- Inform employers about one-stops and other organizations to provide customized training
- Create a best practices web site
- Implement job profiling regarding suitable skills/job requirements

Action Group #2: Retaining, Upgrading, and Advancing Current Employees
David A. Wilson, Presenter

- Link employee performance to compensation systems
- Develop common models of soft skills training
- Certify skills training that is relevant to employer needs
- Develop models of employee job enrichment programs
- Provide change management processes for corporate culture change

Action Group #3: Helping Small Business
James Middleton, Presenter

- Develop retention contracts with employees
- Engage employees in strategic planning process
- Promote/inform employers of community-based training programs
- Utilize State and Federal dollars for incumbent worker training
- Develop a centralized web site for resources
- Provide Human Resource training and guidance for small business

Action Group #4: Developing Critical Skills and Industry Workforce Issues
John Caltagirone, Presenter

- Develop soft skill training (e.g. one-stop center service)
- Implement mentoring and internship programs
- Compile regional data through surveys by industry associations
- Foster a seamless workforce development system, grounded in a regional approach
- Develop a career awareness strategy to connect companies to students

Conclusions

Recommendations will be categorized and Summit attendees and co-sponsors will be invited to participate in post-summit activities designed to address Summit recommendations and regional workforce issues. Through the collective efforts of employers, educators, industry associations, community organizations, and workforce boards, the actions taken as a result of this summit will impact the future of transportation, warehousing, and logistics in the Metropolitan Chicago region.