# Business Clusters/SECTORS- The Key to Workforce Development

Sally Cutler, Executive Director

North Central Wisconsin Workforce Development Board

# 1. Roles….
## What is NCWWDB ?

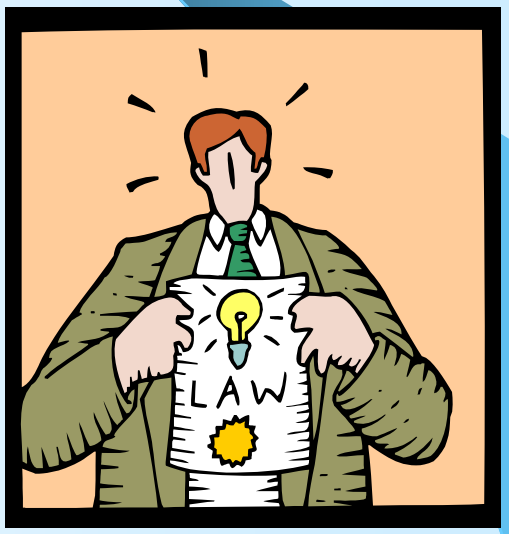
1. NCWWDB stands for North Central Wisconsin Workforce Development Board.
2. It is a Nine-County Legislated entity.
3. NCWWDB is a non profit agency that is legislated to build a workforce system in a specific area.
4. The board oversees the Workforce Investment Act (WIA) activities and the Job Center system.

# FUNDING

- Federal DOL
- STATE DWD
- OTHER GRANTS

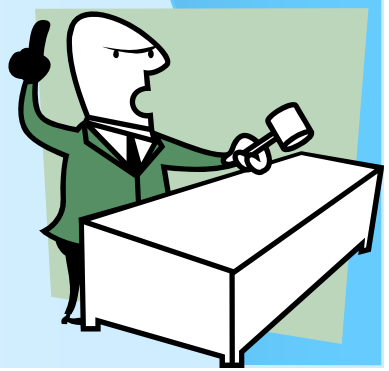
# Workforce Investment Act of 1998 (WIA)

- **One-Stop Centers**
- **Customer service**
- **Accountability**
- **Autonomy**



# Each WDA was

- Designated by the state of Wisconsin
- Charged with managing the WIA resources
- Legislated to oversee the “One Stop” or Job Center System
- Challenged to develop a workforce system in their area by encouraging partners to work together to provide a workforce for their community



# NCWWDB Board…

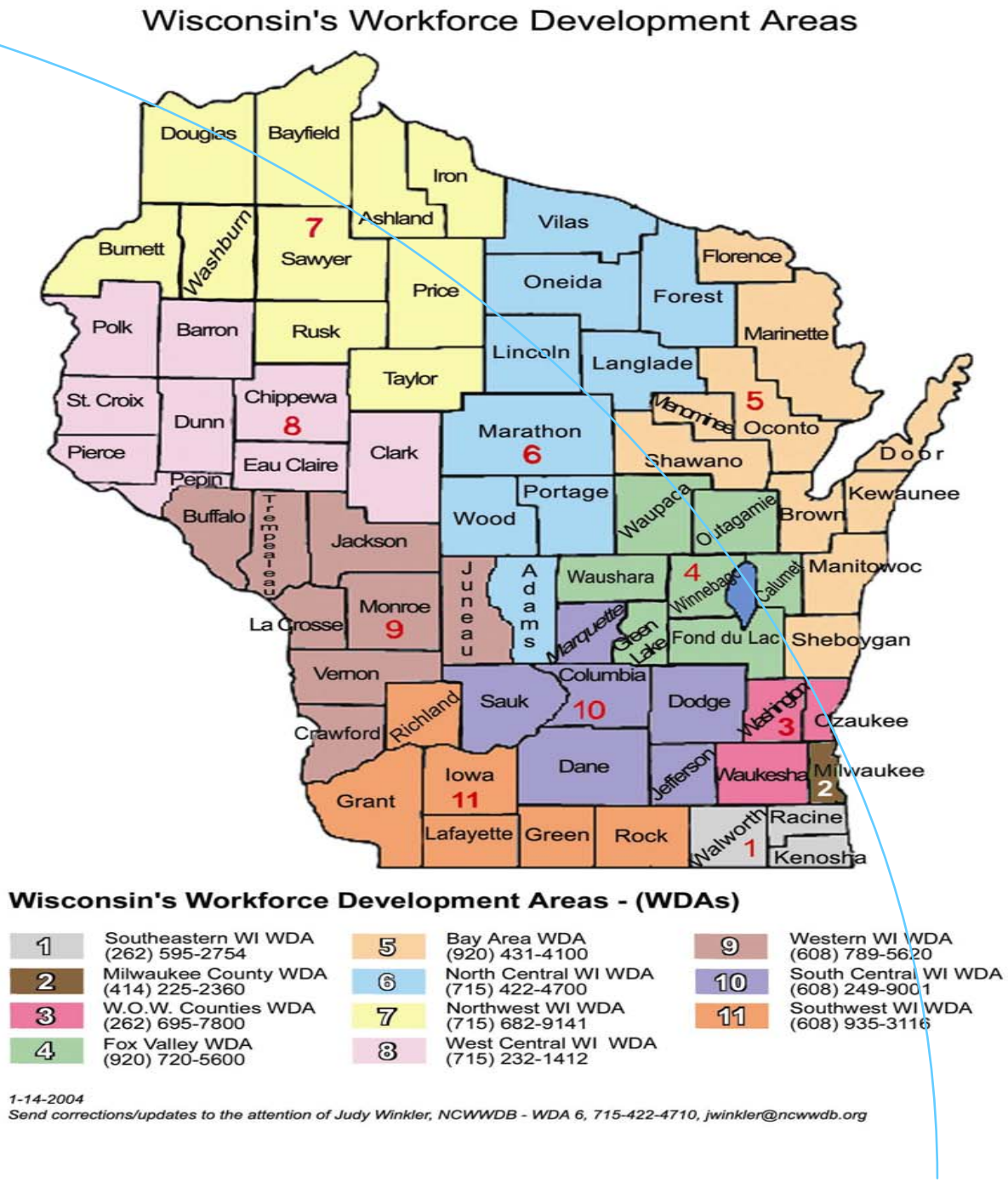
1. **Works as a group to meet the mission of the board**
2. **Formulates policy**
3. **Interfaces with business and partner agencies on workforce strategies**
4. **Helps to strategically align partners**

# NCWWDB also collaborates with

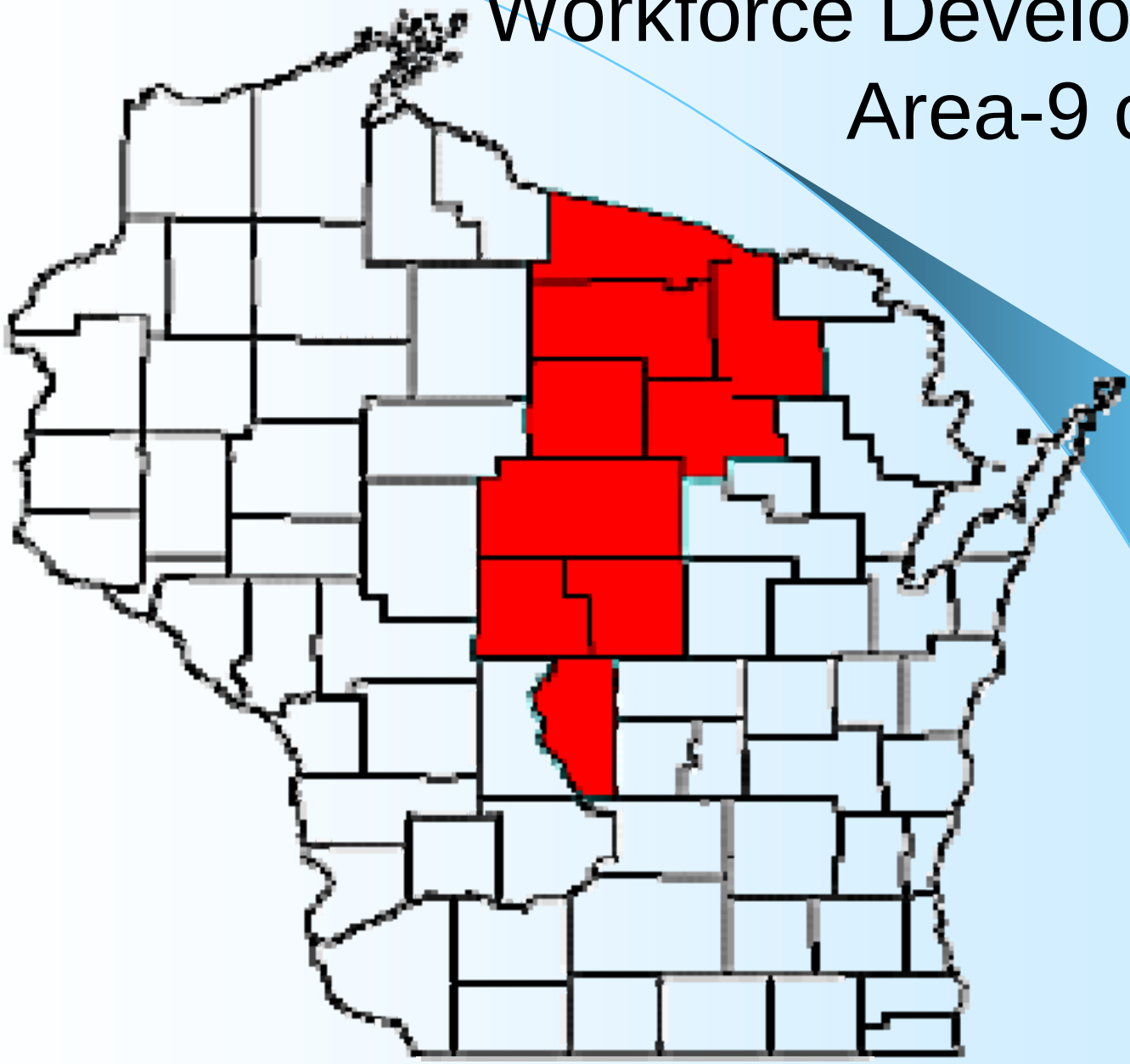
- Businesses
- Technical Colleges
- UW system
- Chambers
- Local Partner in Education groups
- School to Work Programs
- Economic Development Organizations
- Department of Commerce
- Faith and Community Based Organizations

# Wisconsin has 11 Workforce Development Board Areas

NCWWDB is one of them



# North Central Wisconsin Workforce Development Area-9 counties



**First role is to oversee JOB CENTERS.**

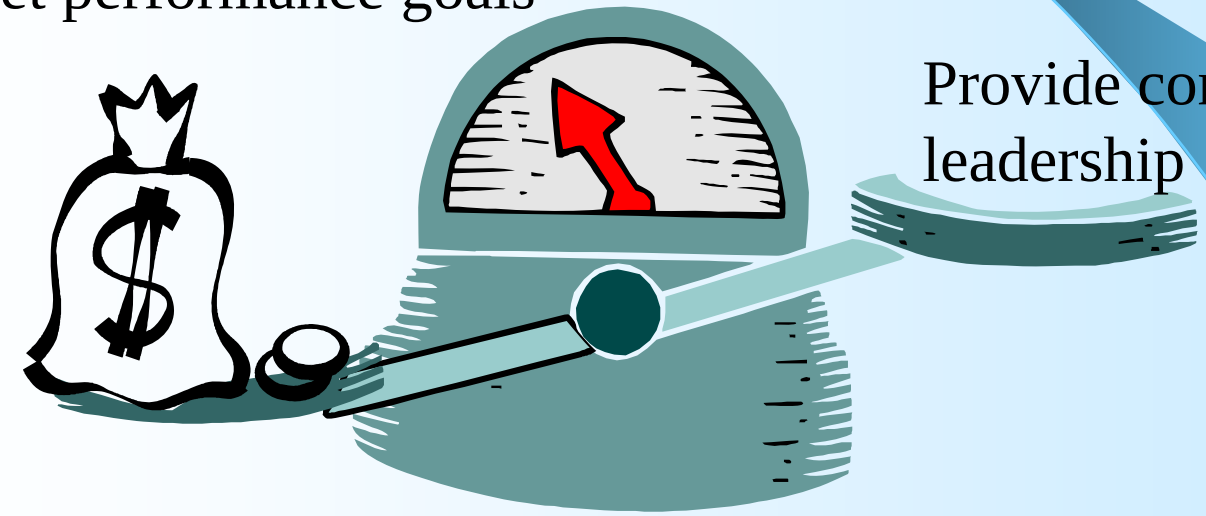
**The Job Centers PROVIDE:**

Align workforce development and economic development

Comply with WIA regulations

Serve employers

Meet performance goals



Provide community leadership

Serve job seekers

# North Central Wisconsin Workforce Development Board's Vision

***To be a leader to partner with government, business and local agencies to achieve a quality workforce and thriving economy that produces a higher per capita income and lower poverty rate through an integrated service delivery system.***

# 2. Reality of Demographics

- We'll be 10,000 workers short regardless of downturn
- There are 200,000 people working in the nine counties
- Central WI has more older people than the rest of the state
- Central WI has had an increase of layoffs in manufacturing
- Workers laid off often don't have the skills needed for the new technology jobs…the middle skilled

# Challenges

- **Preparing a skilled workforce that meets the businesses needs**
- **Closing the gap between job seeker skills and job requirements**
- **Transitioning dislocated workers into high wage jobs**
- **Serving a diverse population**
- **Being business driven**

# 3. Region Cluster Strategy

http://www.isc.hbs.edu/
http://www.orgnet.com/

# What is an Business Cluster?

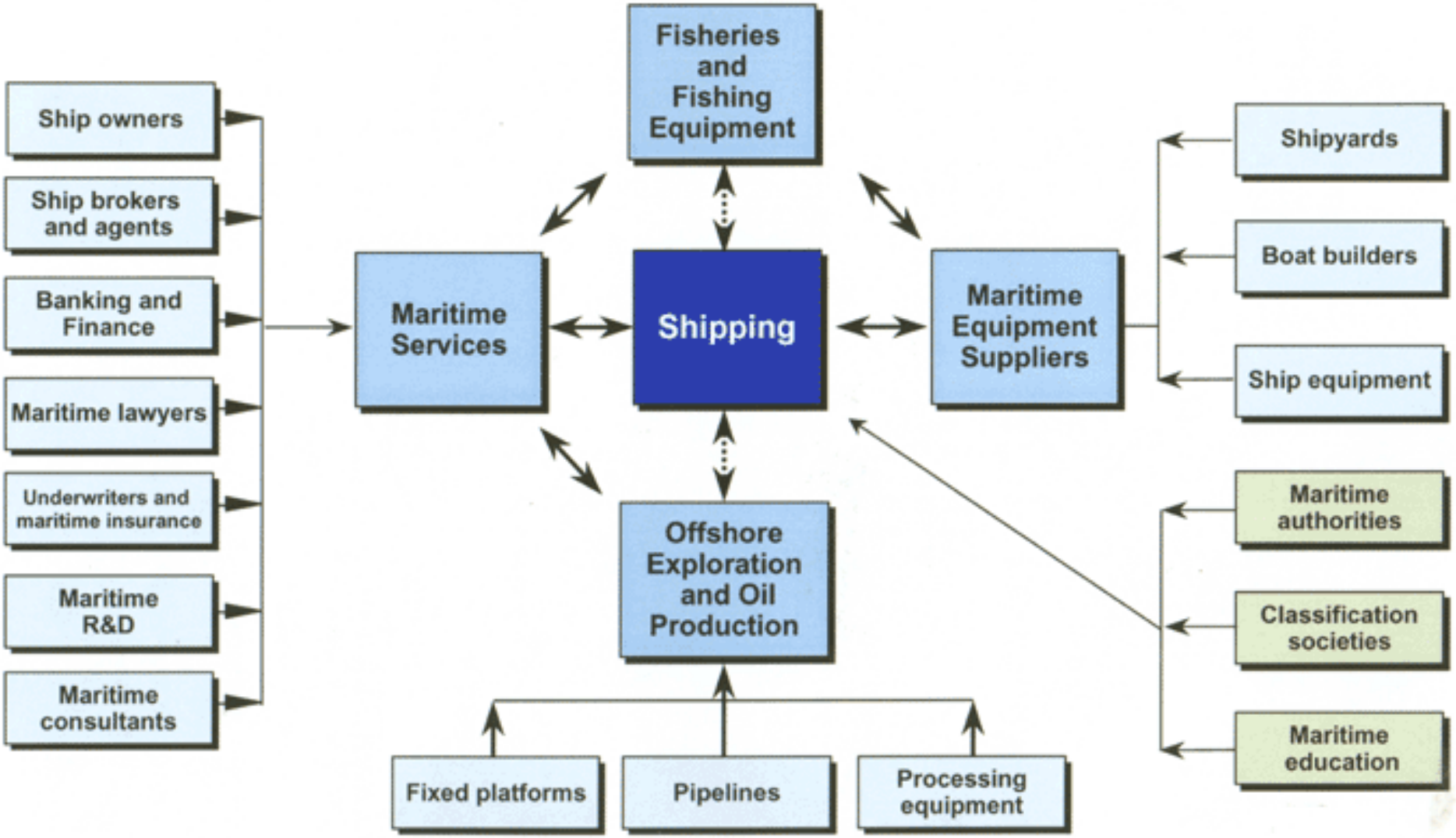
"A cluster is a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities."

Michael Porter

# Cluster Components

- End-product or service companies;
- Suppliers of specialized inputs, components, machinery, financing and services;
- Firms in related and downstream industries (channels, distribution networks, customers);
- Producers of complementary products;

# The Norwegian Maritime Cluster




- Norway has 0.1% of the world's population, represents 1.0% of the world's economy, yet accounts for 10% of world seaborne transportation

Source: Sven Ullring, presented to M.I.T.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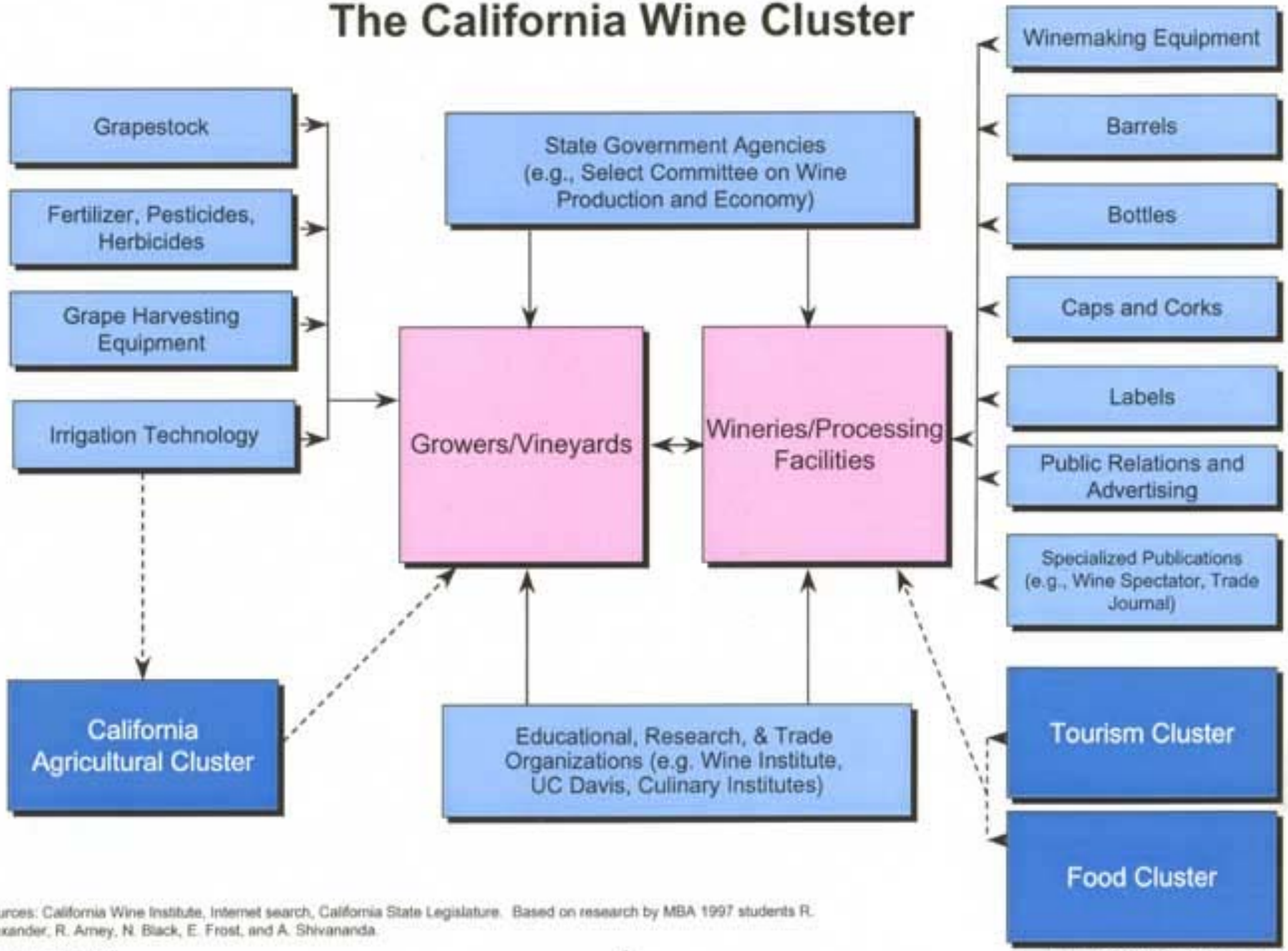
# The California Wine Cluster




Sources: California Wine Institute, Internet search, California State Legislature. Based on research by MBA 1997 students R. Alexander, R. Arney, N. Black, E. Frost, and A. Shivananda.



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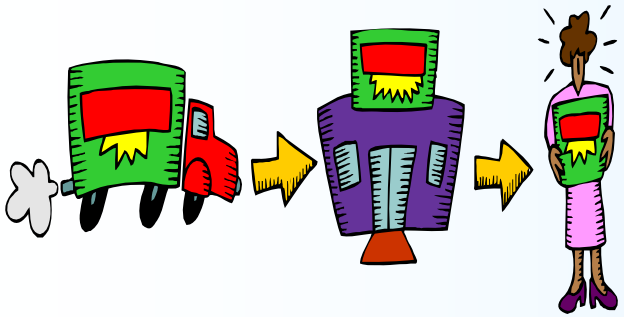
# 4. Reaching Business Needs

- **Clusters the Key to Career Development**

# The Process

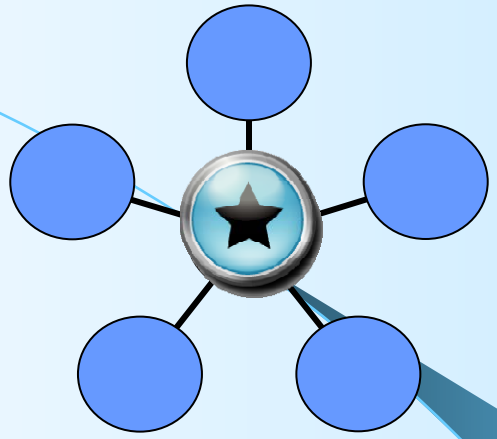


- Invite all with NACIS code
- Facilitate a Gap  analysis
- Work with Partners to address the top three needs
- Work in committees and meet as a full cluster quarterly

# The first project in every cluster group was CAREER DEVELOPMENT

1. STUDY the need
2. BUILD the programs
3. PROMOTE the career
4. PREPARE THE WORKFORCE according to the business need

# The Clusters



- Health Care
- Transportation
- Forest Products
- Agriculture
- Manufacturing (just starting)

# Partnership Roles

- **Clusters** define the workforce challenges and identify skill sets and competency models
- **Educational Institutions and Training Providers** assist in developing competency models and curricula against industry competency models
- The **Public Workforce System** access human capital and places trained workers in jobs

# The Workforce System needs to be the BRIDGE to…

- Form strategic partnerships to develop solutions
- Use workforce information and economic data to assess where the jobs are/will be
- Strategically align public workforce system resources
- Know skills and competencies necessary for jobs

# 5. Results of the Cluster Approach
## for Career Development

- Flyers
- Displays
- Presentations
- WEB site
- Conferences
- Career Pathing
- Call to Parents

# Clusters are business driven and projects are based on local need

- Decreases brain drain
- Involves all sectors of the community
- Builds relationships for School to Work partnerships
- Creates partnerships

# The Future of the Cluster approach

- Weaving assets
- Virtual Job Center
- Mentoring programs
- Speakers Bureau
- Research specific needs of businesses
- Membership groups for access to employees
- Target Population Projects
- Programming for career path gaps

# 6. Reactions from your point of View?

1. Roles… Workforce Boards
2. Reality of demographics
3. Regional Cluster Approach…
4. Reaching Businesses Needs …
5. Results of the Cluster Approach
6. Reactions from your point of view

# For more information Contact

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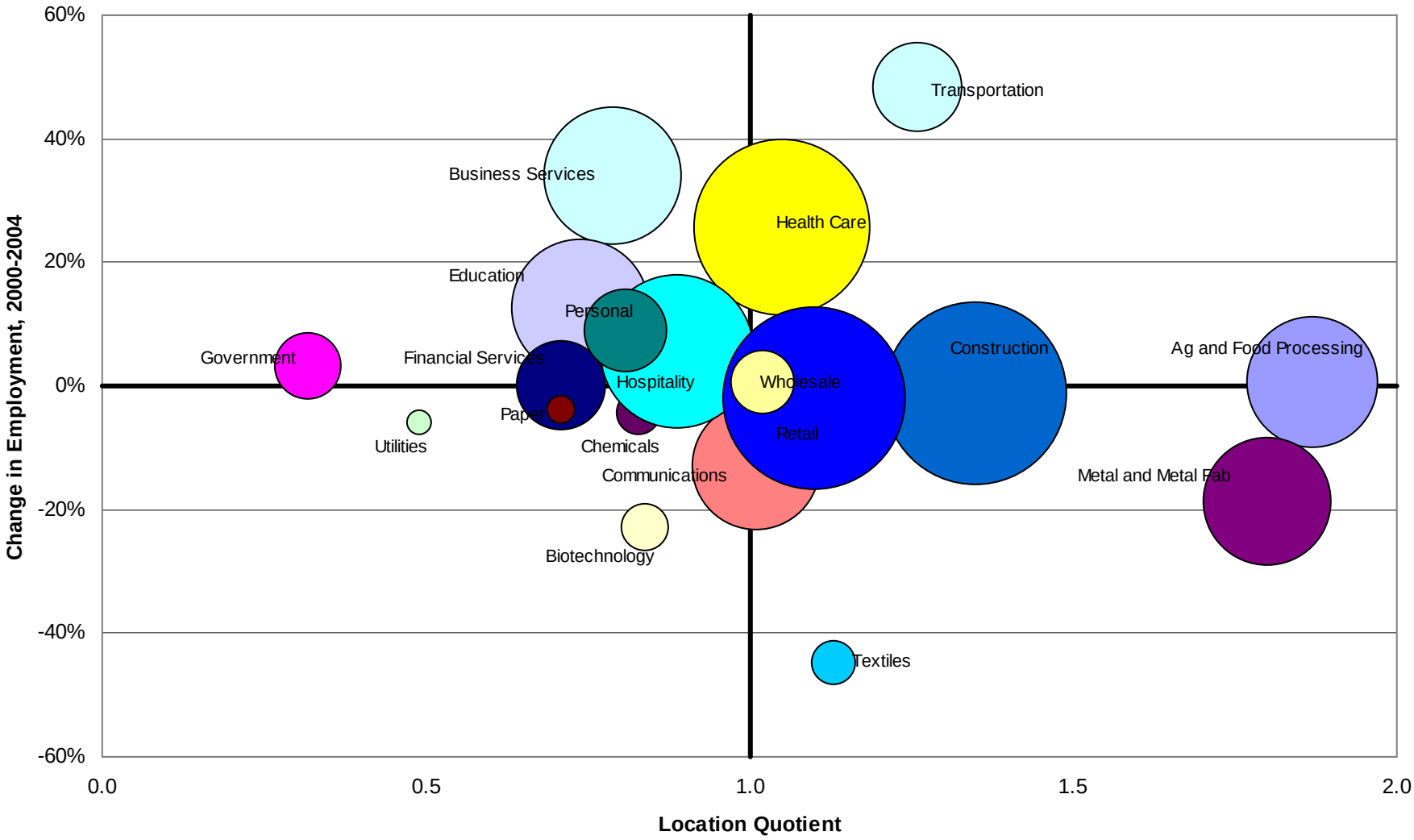
## Overview of Lancaster County Industry Segments and Clusters 2000-2004 (NAICS)



# NCWWDB Clusters

- Health Care
- Transportation
- Forrest Products
- Manufacturing
- Agriculture

  - ON DECK…tourism and  financial

# An Industry Cluster-Based Approach to Conceptualizing Workforce Development

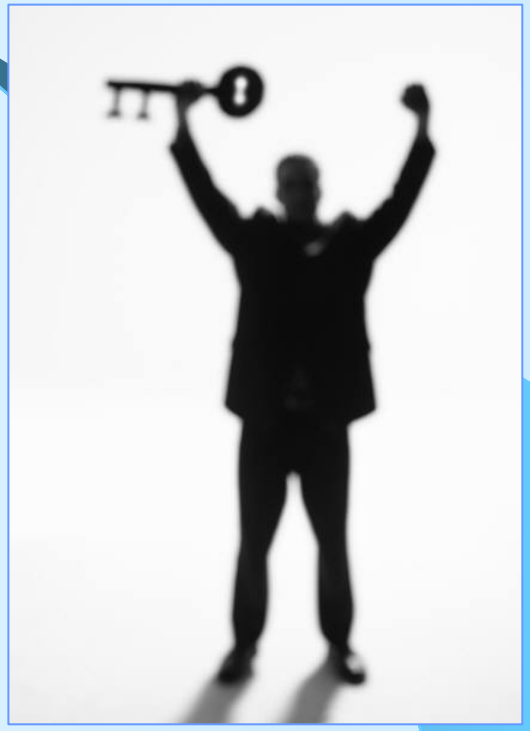
- Cluster Definition;
- Survey of Occupations;
- Understanding Career Ladders;
- Mapping of Skills;
- Address Barriers and Gaps in System of Skill Acquisition.

# Linking and Conceptualizing

- Do the high performers relate to one another in any way?
- What do the high performers look like in the context of a cluster as defined by Porter?
- What does the cluster itself look like?

# System Innovation= Economic Development

**Building and retaining a qualified and productive workforce is essential to enabling every U.S. business to be successful, to promote job creation, and to grow our nation's economy.**



# Top Factors Determining Employer Site Selection*

| | |
|---|---|
| Availability of skilled labor | 90.9% |
| Labor costs | 89.9% |
| Tax exemptions | 88.2% |
| State and local incentives | 88.0% |
| Highway accessibility | 86.6% |
| Corporate tax rate | 84.6% |
| Proximity to major markets | 83.7% |
| Occupancy or construction costs | 82.4% |
| Energy availability and costs | 80.9% |
| Environmental regulations | 76.7% |

* *Area Development* Magazine 2002 Survey

# Successful Cluster Initiatives

- Appropriate cluster boundaries;
- Wide involvement of cluster participants as well as associated institutions;
- Attention to personal relationships to facilitate linkages, foster open communications, and build trust;
- A bias toward action;
- Institutionalized by the private sector.

# Successful Cluster Initiatives

- Shared understanding of competitiveness and the role of clusters;
- Private sector led with government participation;
- Focus on removing obstacles and easing constraints to cluster upgrading (rather than seeking subsidies or limiting competition;
- Encompass (over time) all clusters in a region;

# Sources of Competitive Advantage

- Business environment (taxes, supportive infrastructure);
- Location;
- Local infrastructure (roads, utilities, communications);
- Knowledge base (workforce, education system);

# Sources of Competitive Advantage

- Local markets;
- Intense local rivalry with competing firms;
- Variety of local suppliers and other inputs to the core industry;
- Skilled local workforce that is attuned to the needs of the industry.

# Cluster Definition

- Quantitative analysis of employment and payroll data;
- Qualitative research into the web of relationships in the cluster;
- Validation with cluster employers;
- Drawing and redrawing the map.

# Career Development means Workforce Development

***"WIA is an economic development program with social benefits, not a social program with economic development benefits."***

Emily Stover DeRocco

Assistant Secretary for Employment and Training

Thanks!

# Quantitative Analysis of Employment and Payroll Data

"Understanding Your Industries"

From the work of Lee Munnich

Hubert H. Humphrey Institute of Public Affairs

University of Minnesota

# Questions to Ask in Analysis of Data

- Which industries are growing and which are declining?
- What is the importance of an industry to the local economy relative to its importance to the national economy?
- How competitive are regional industries when compared to their national counterparts?

# Statistical Measures

- Employment and change in employment in an industry;
- Location quotients and change in location quotients;
- Shift share analysis;
- Payroll per employee by industry and change in payroll per employee.

# Growth or Decline in Employment

- Simplest indicator of the health of a industry or sector;
- Percentage comparison between base year and current year;
- Collect for different levels of aggregation (four or five digit NAICS)

# Filtering and Prioritizing

- Increases in employment;
- Location quotients in excess of one;
- Employment increases as a result of local competitive advantages;
- Increases in payroll per employee.

# Location Quotient

- A measure of an industry's concentration in an area relative to the rest of the nation.
- An industry's share of local employment divided by the industry's share of national employment.

# Meaning of the Location Quotient

- If the location quotient is 1, the industry's share of local employees is the same as the industry's share nationally;
- A location quotient greater than 1 means the industry employs a greater share of the local workforce than the industry employs nationally;
- A location quotient between .85 and 1.15 is considered close enough to 1 that it is not significant.

# Shift Share Analysis (Local Competitive Advantage)

- Calculates what part of local job growth can be attributed to…
  - Growth in the national economy;
  - Growth in the sector nationally;
  - Growth from local competitive advantage as compared to growth nationally.
- It does not tell the researcher why the industry added or lost jobs.

# Payroll per Employee

- One of the simplest measure of the quality of jobs in a given industry;
- Payroll by industry divided by employment by industry;
- Can be extended to look at payroll per employee over time or in comparison to national payroll per employee figures for the industry.

# Analysis of the Data