



Future Jobs: Solving the Employment & Skills Crisis

Edward E. Gordon

U.S. 1-14 Skills Disconnect



Wisconsin 12-13

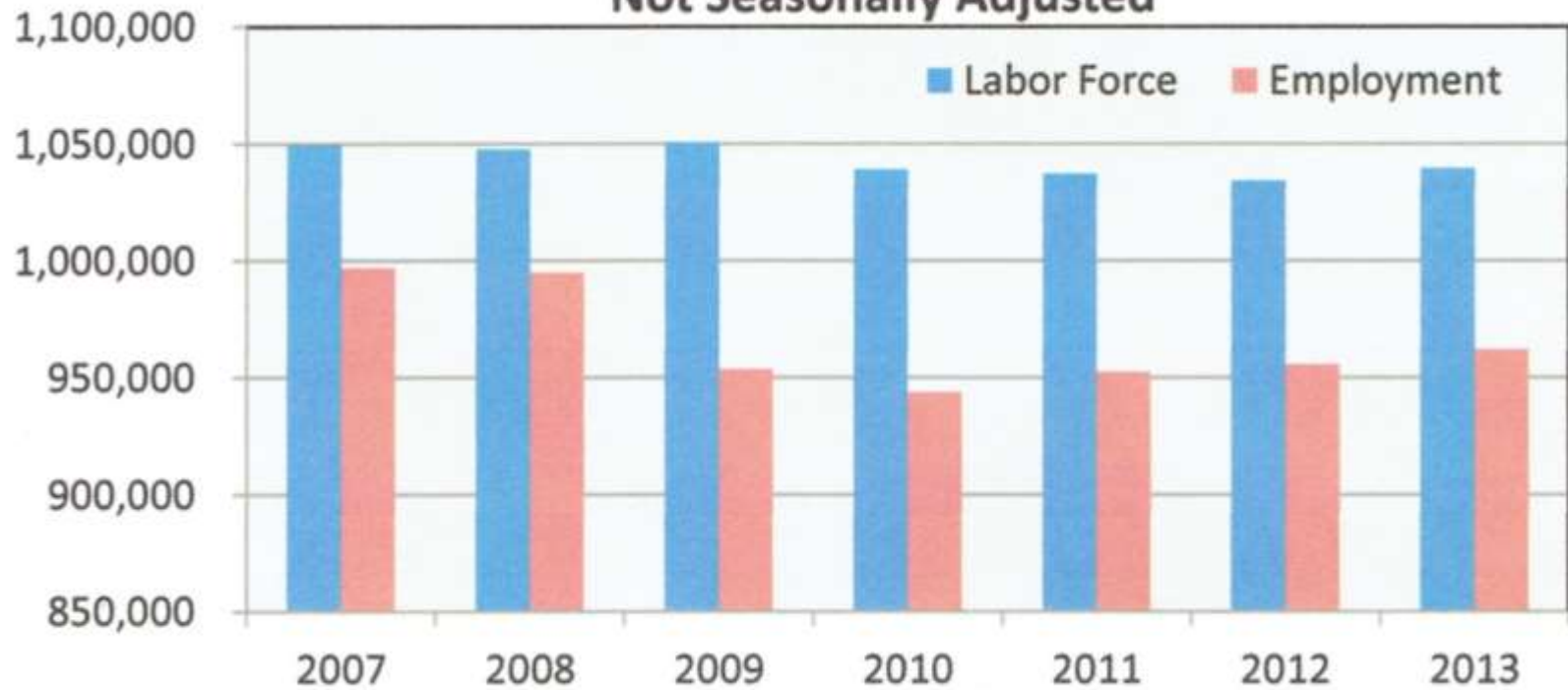




Milwaukee 7 12-13

- 6.4% Unemployed
- 66,321 People Unemployed
- 12,679 Vacant Jobs

Milwaukee-7 Average Annual Labor Force & Employed Not Seasonally Adjusted



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

Why More Vacant Jobs

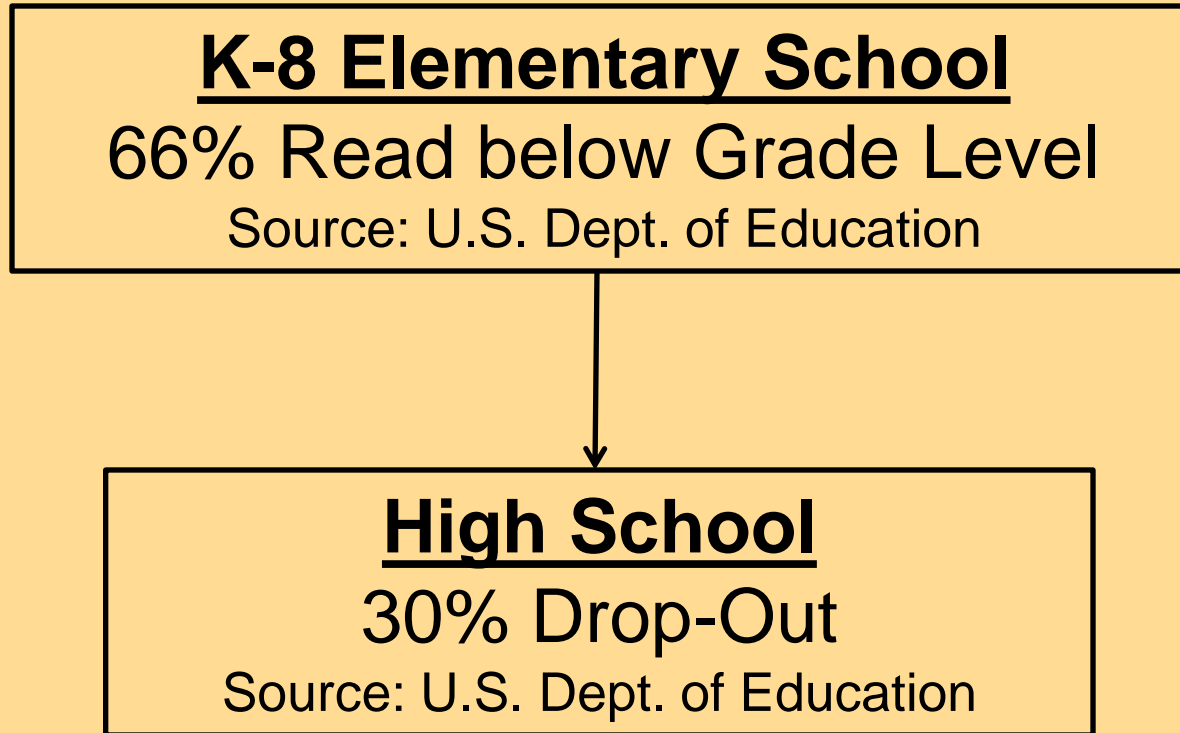
From PricewaterhouseCoopers 2014 CEO Survey:

- Launch of new products, entering new market
- More or different skills needed for future business
- Opportunity to add high-quality talent

Another Driver:

- Replacing the skilled Boomers who are retiring

Part I: Systemic Failure – K-12



Part II: Systemic Failure

Post-Secondary

Post-Secondary

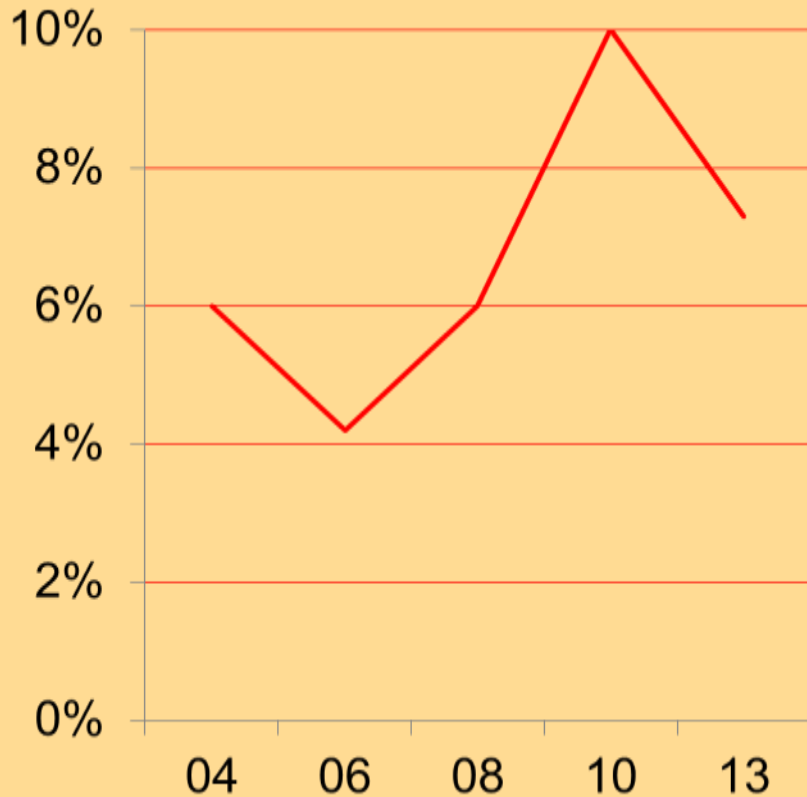
40 to 50% of Freshmen Need Remediation

	<u>2010 Attain</u>	<u>Need 2020</u>
Cert.	12%	14%
A.A.	8%	20%
B.A.	19%	24%
Grad.	<u>10%</u>	<u>12%</u>
	49%	70%

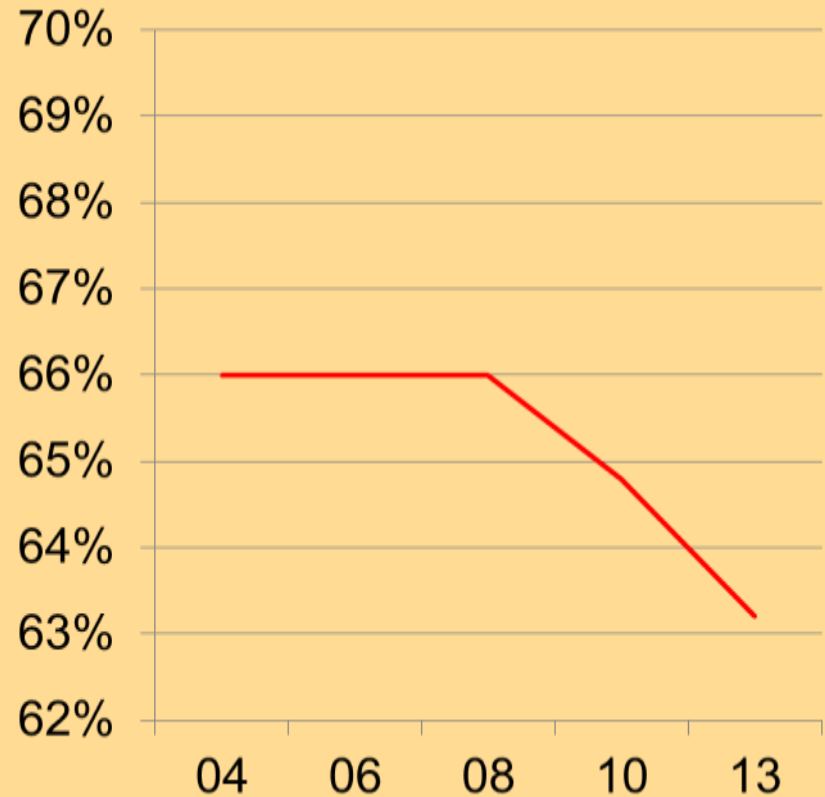
Sources: Carnevale, Georgetown Center on Education & the Workforce,
U.S. Department of Labor

“The Talent Cliff”

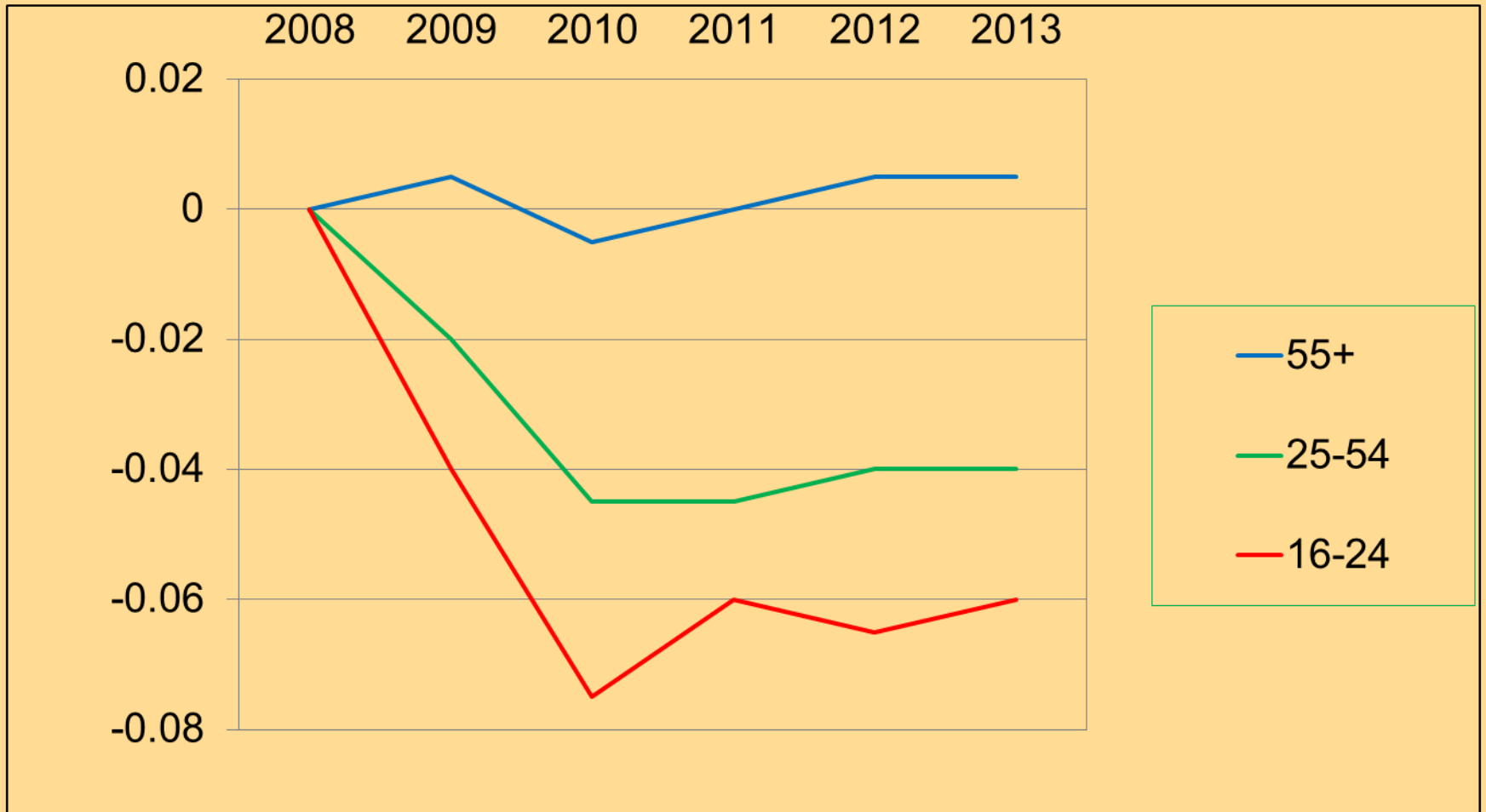
US Unemployment Rate



Labor Participation Rate



Percent Change in Age Group Employment



Wisconsin Population Change

- Total inflows to WI were 130,000 per year
- Total outflows from WI were 141,000 per year

Source: James A. Grasskamp Center for Real Estate

Based on 2008-2012 American Community Survey

Part III: Systemic Failure

Final Result

Workplace Training & Education

75% of workers receive little or nothing

Sources: Training & American Society for Training & Development



Result of Failures at All Levels

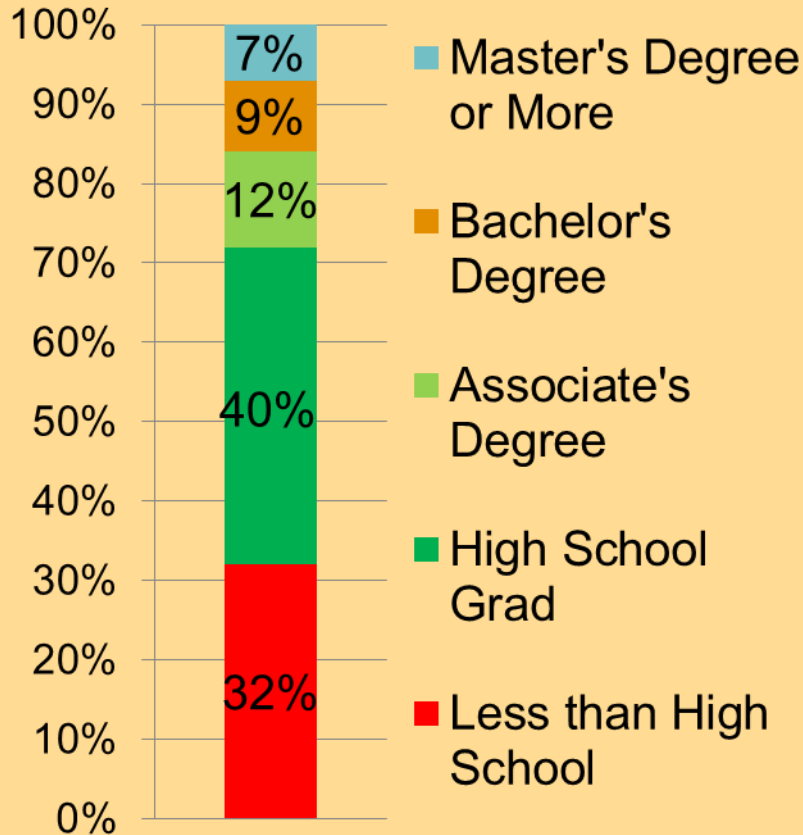
Growing Skills-Jobs Disconnect

1/14 U.S. Unemployment Rate = 6.6%

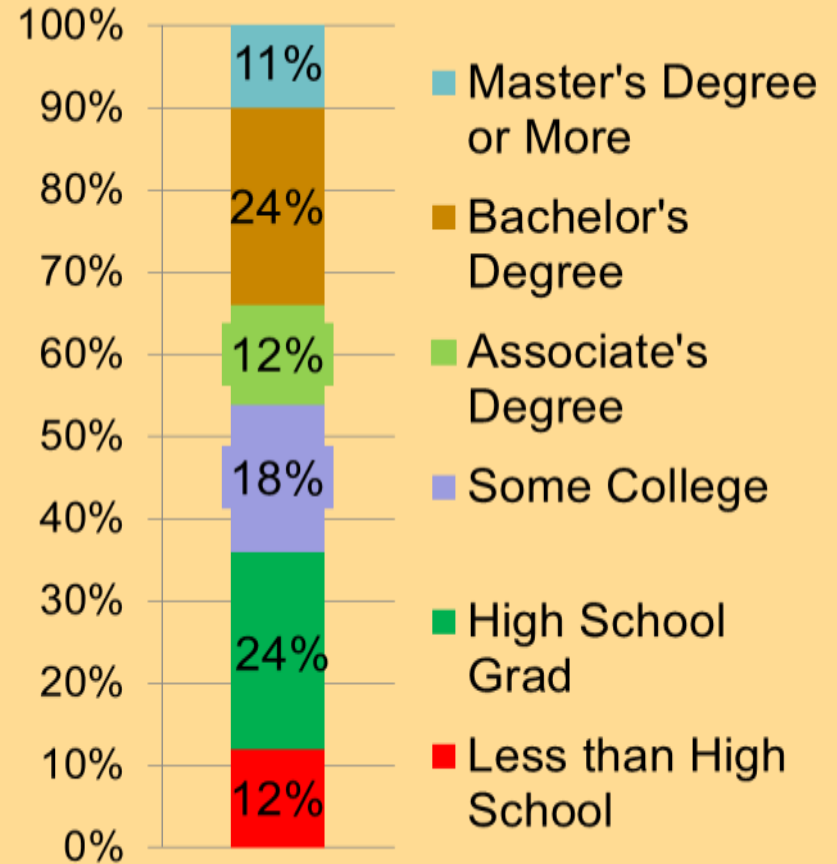
<u>Talent Level</u>	<u>Unemployment Rate</u>
B.A. or higher	3.2%
A.A., Certificate, Apprentice	<u>6.0%</u>
	4.6%
↑High-Pay/High Skills = 62% of all U.S. Jobs	
<hr/>	
↓Low-Pay/Low Skills = 38% of all U.S. Jobs	
High School only	6.5%
Dropouts	<u>9.6%</u>
	8.05%

Job Requirements 1973 & 2020

1973



2020



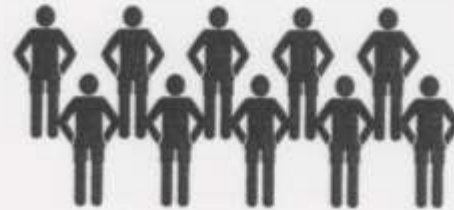
Carnevale, "Career & Technical Education," 2012

The Education Pipeline Is Broken



Gaps in Attainment Are Caused by Failures at Critical Points Along the Education Pipeline

For every **ten** students who enter eighth grade...



Only **seven** will get a high school diploma



Three will complete a postsecondary degree by age 26.



Today's U.S. Talent Pool

25% “Smart People”

- Well-educated
- Keep up-to-date
- Prepared for career change

25% “Walking Dead”

- Mediocre education
- Lack some essential skills
- Career change anxiety

50% “Techno-Peasants”

- Weak education
- Fight skill changes
- Want a basic job
- Many dropping out of labor force

U.S. Workforce between 2010 & 2025

- Baby Boomers – 79 million Americans born 1946-64 retire
- Generation X – 40 million Americans born 1965-77 – Less job ready than baby boomers
- Generation Y – 70 million Americans born 1977-95 – Less job ready than prior generations

For the First Time in American History

**the generation retiring is better educated
than the generation that follows.**

**U.S. Education's Critical Mass
Will No Longer Support
An Advanced Tech Economy**

U.S. Labor Market Jobs 2008-2018

Category	New	Replace- ment	% of Total	Total
All Jobs	15.2M	35.7M	70%	50.9M
Computer Industry	786K	654K	45%	1,440M
Engineers	178K	353K	66%	531K
Skilled Trades	808K	969K	55%	1.777M
Metal Workers	—	443K	100%	443K

Source: T. Alan Lacey & Benjamin Wright, *Monthly Labor Review*, Nov. 2009

U.S. Labor Market

Talent Shortages 2010-2020

<u>Category</u>	<u>Shortfall</u>
All Jobs	3M-6.1M
Nurses	340K-1M
Doctors	55K-200K
Health Technicians	200K-400K
Information Technology	500K-1M
Engineers	50K-250K
Teachers	500K-1M
Scientists	100K-200K

Sources: Bureau of Labor Statistics & Professional Associations

WISCONSIN AND THE FUTURE OF ECONOMIC DEVELOPMENT

TIP Strategies, Inc.
Jon Roberts

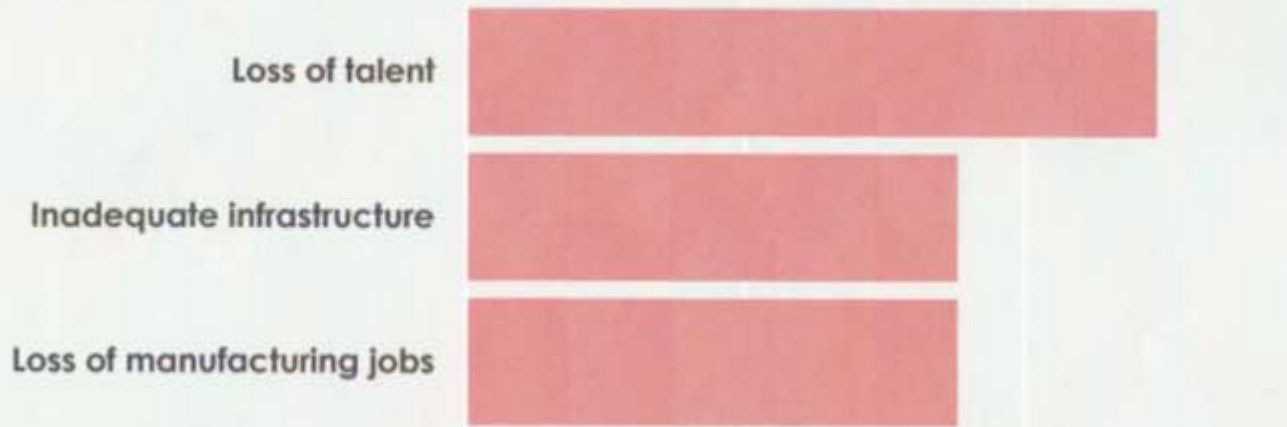
February 12, 2014



LOCATION OF SURVEY RESPONDENTS



THE BIGGEST ECONOMIC DEVELOPMENT CHALLENGE IN MY COMMUNITY IS:



"Convincing parents that a four year degree is not always needed for certain types of business; that manufacturing isn't, most of the time, a dirty job and in many instances is a high tech job..."

WI TIP Strategies Survey Results (cont.)

	Strongly Disagree	Somewhat Agree	Strongly Agree
My community's K-12 education system adequately prepares people for available jobs	7	13	1
There are viable programs for attracting talent to my community	7	14	0
Our programs and incentives are responsive to technology-driven opportunities	11	9	1

Problems identified on TIP Strategies Survey

- Significant unfilled manufacturing openings
- Aging/declining population
- Local workforce needs more assistance and preparation for manufacturing and IT positions
- Our job growth will be limited due to workforce constraints, primarily in skilled but also entry-level positions.

January 2014 McKinsey Quarterly

“In Europe and the United States, educational institutions aren’t producing workers with the technical skills advanced manufacturers need. . . . Organizations will need to invest more in formal training and on-the-job coaching to bridge the gap.”

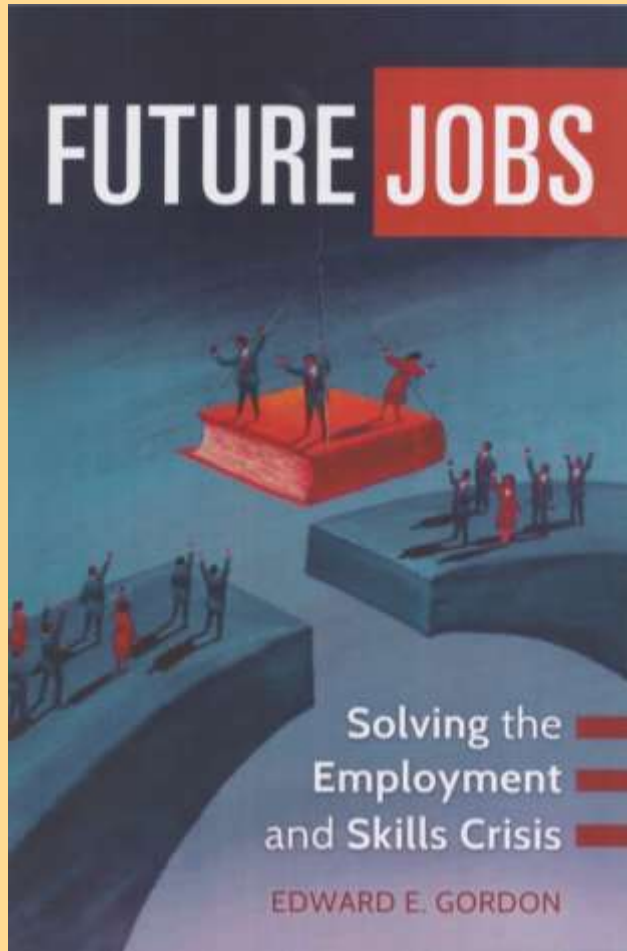
Source: “Next-shoring: A CEO’s Guide”

2014 Global Business Barometer Survey (Financial Times)

Skills Shortages were cited by **39%** of North American executives as one of the biggest worries for their business.

Overall, **34%** of executives in this global survey named **skills shortages** as a major concern.

Game Changer



“There’s a ‘new job era’ Gordon says, with a workplace that demands technological skills and education that Americans don’t have, and that schools aren’t teaching. Our economy and our standard of living depend on solving this problem. In *Future Jobs*, Gordon shows the way.”

Richard C. Longworth

Accenture 2013 Skills & Employment Trends Survey (400 U.S. Executives)

- 46% of executives at large U.S. companies are concerned they won't have workers with the needed skills in the next 1 to 2 years.
- Feared consequences of skill shortages:
 - ◆ 66% fear loss of business to competitors
 - ◆ 64% indicate a loss of revenue
 - ◆ 59% fear eroding customer satisfaction
 - ◆ 53% cite delay in new products/services

Regional Talent Innovation Networks RETAINs



Connecting People to Jobs

U.S. RETAINs

- New North, Northeast WI
- High School Inc., Santa Ana, CA
- Pre-Hire, Mansfield, OH
- Vermilion Advantage, Danville, IL
- Community Education Coalition, Columbus, IN
- Partners for a Competitive Workforce, Cincinnati, OH
- New Century Careers, Pittsburgh, PA
- 1,000+ across the United States

I. Why Do RETAINs Happen?



II. Why Do RETAINs Happen?

“When the pain of defending the status quo becomes greater than making systemic changes, RETAINs begin to attract widespread community support”

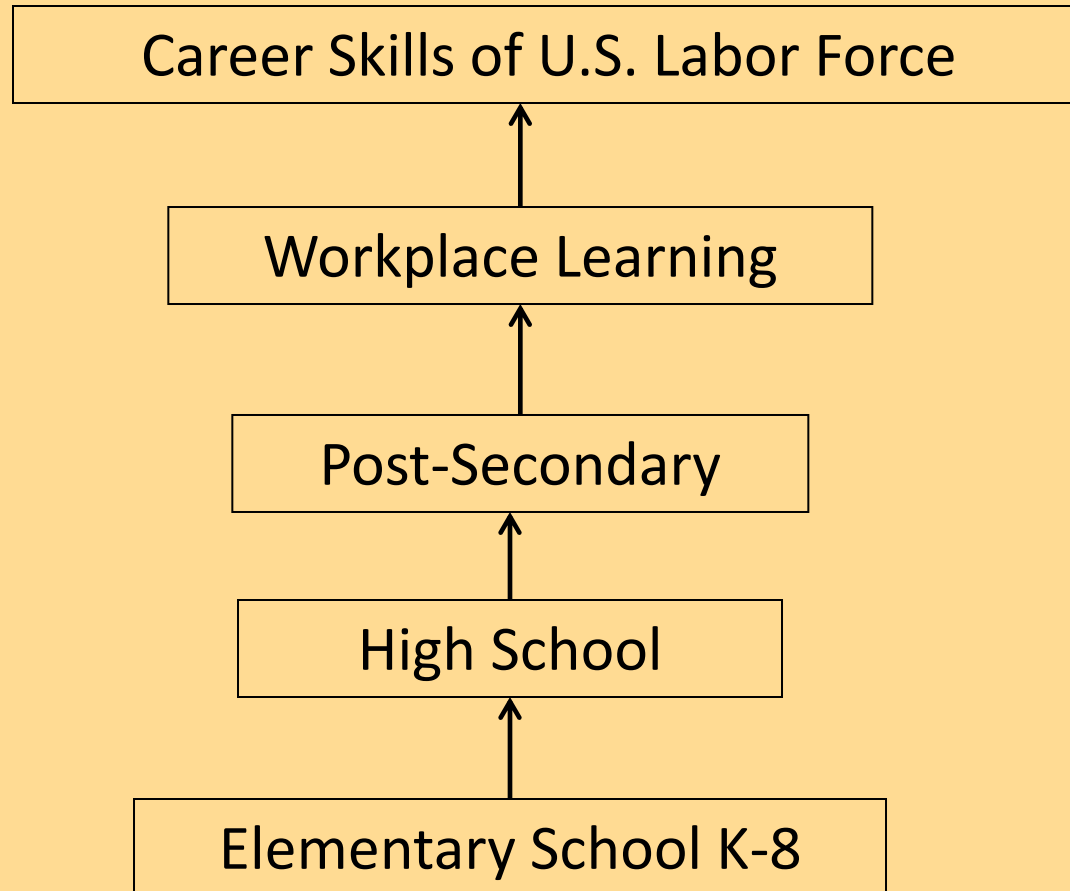
III. Why Do RETAINs Happen? Rebuilding the Talent Pipeline



What RETAINs Do

Implementation of Regional Service Delivery Systems

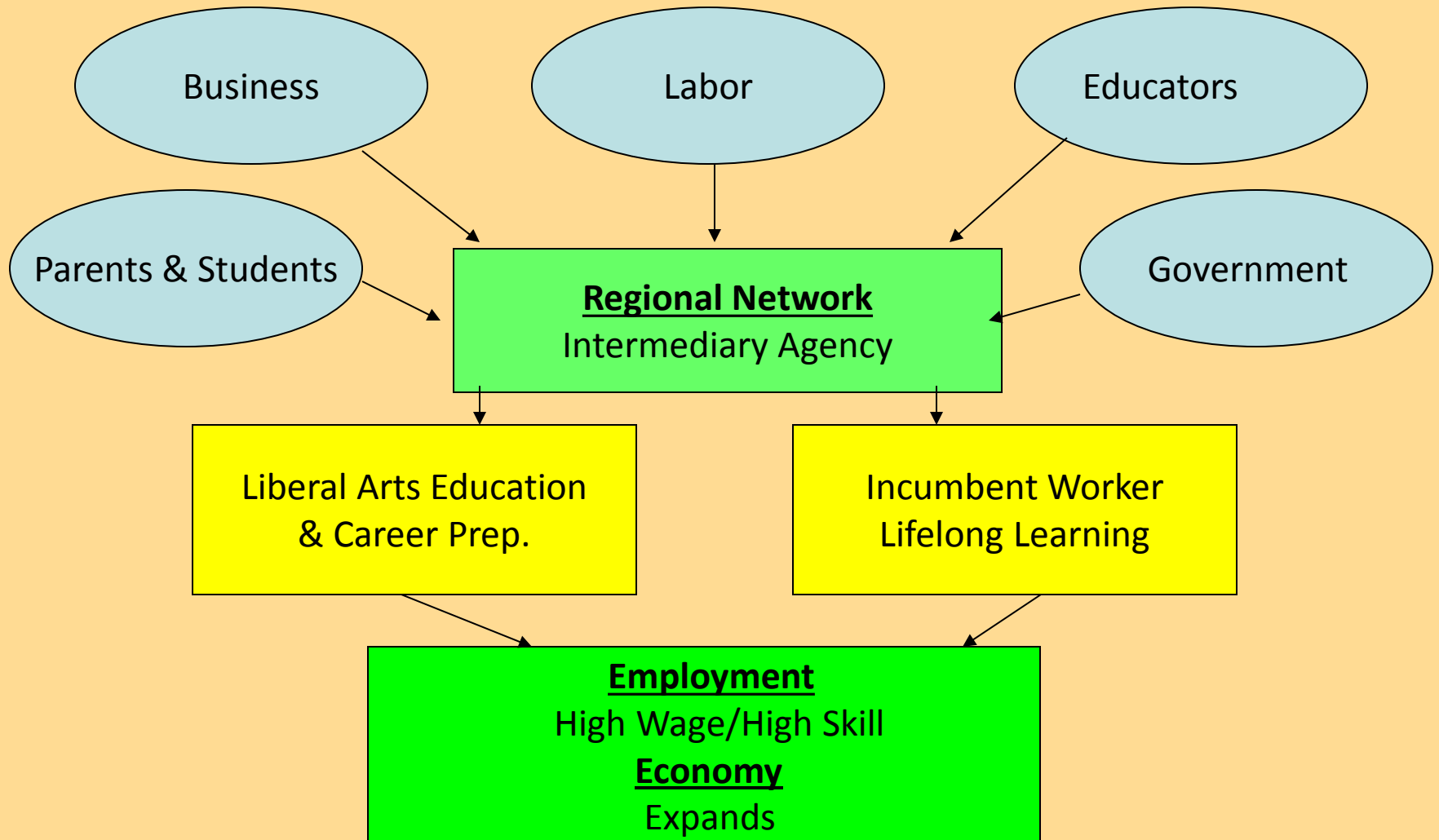
The Education-to-Employment System



Interlocking Talent Service Delivery System



Building a RETAIN





Impact Stratagems

- Business Development
- Brand Development
- Talent Development

100 Private Investors



Talent Development I

- 649,000+ Total Jobs in New North Region
- Over 60,000 New Jobs Since Dec. 2012



Talent Development II

N.E.W. Manufacturing Alliance

- 115 Companies
- 28% of Region's Manufacturing Employees

North Coast Marine Manufacturing Alliance

- 7 Members
- 12 Affiliate Members
- 3 Education Partners



Talent Development III

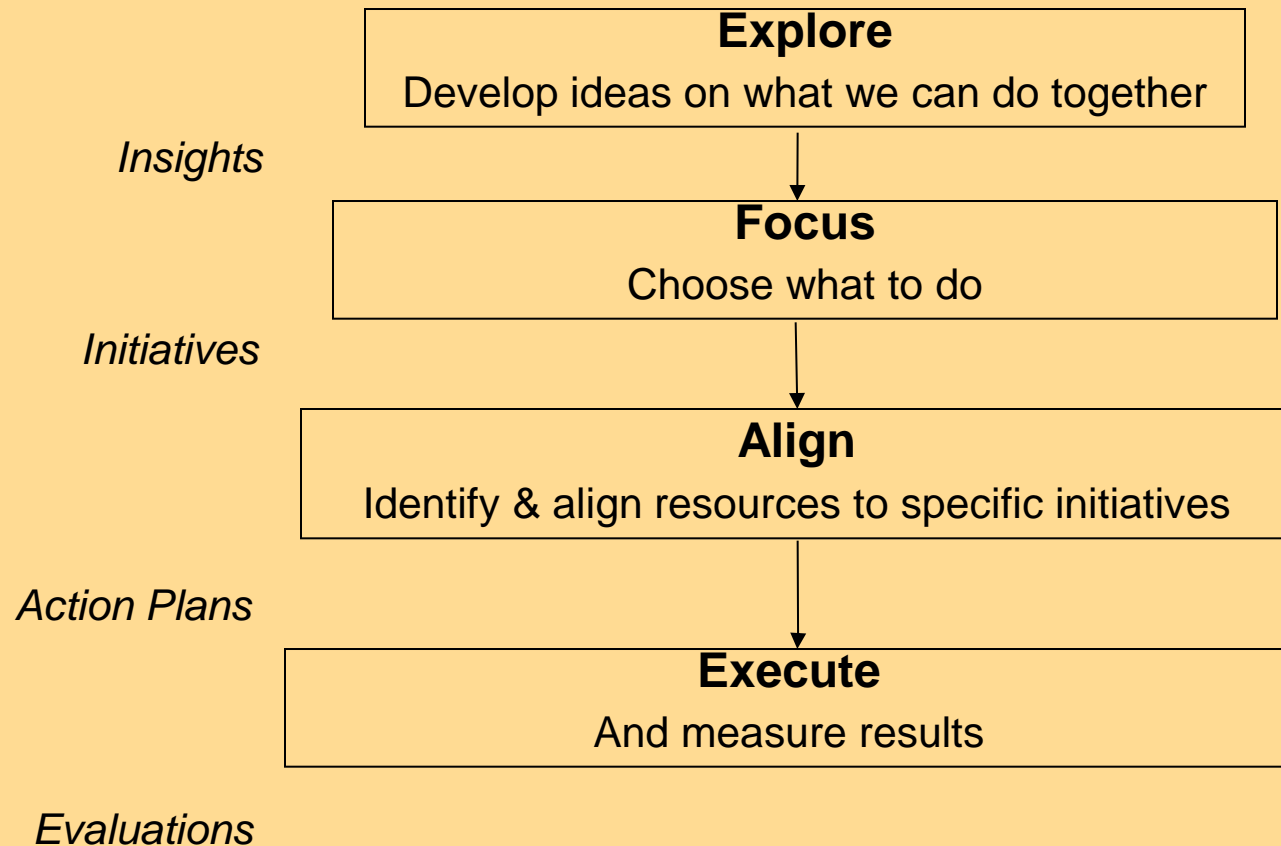
Northeast WI Educational Resource Alliance

- Intern2Work
- New Engineering Bachelor's Degrees

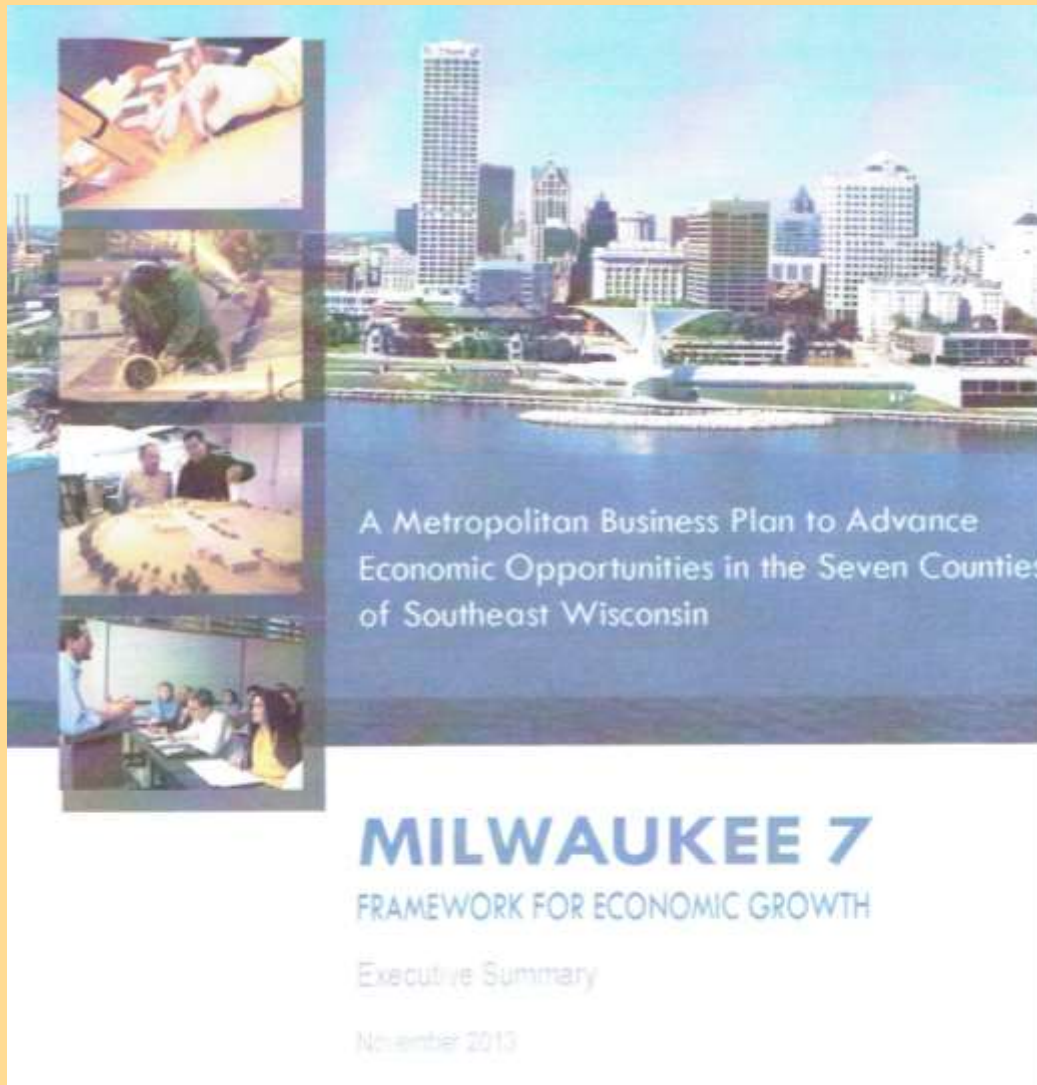
Career Path Network

- In Development

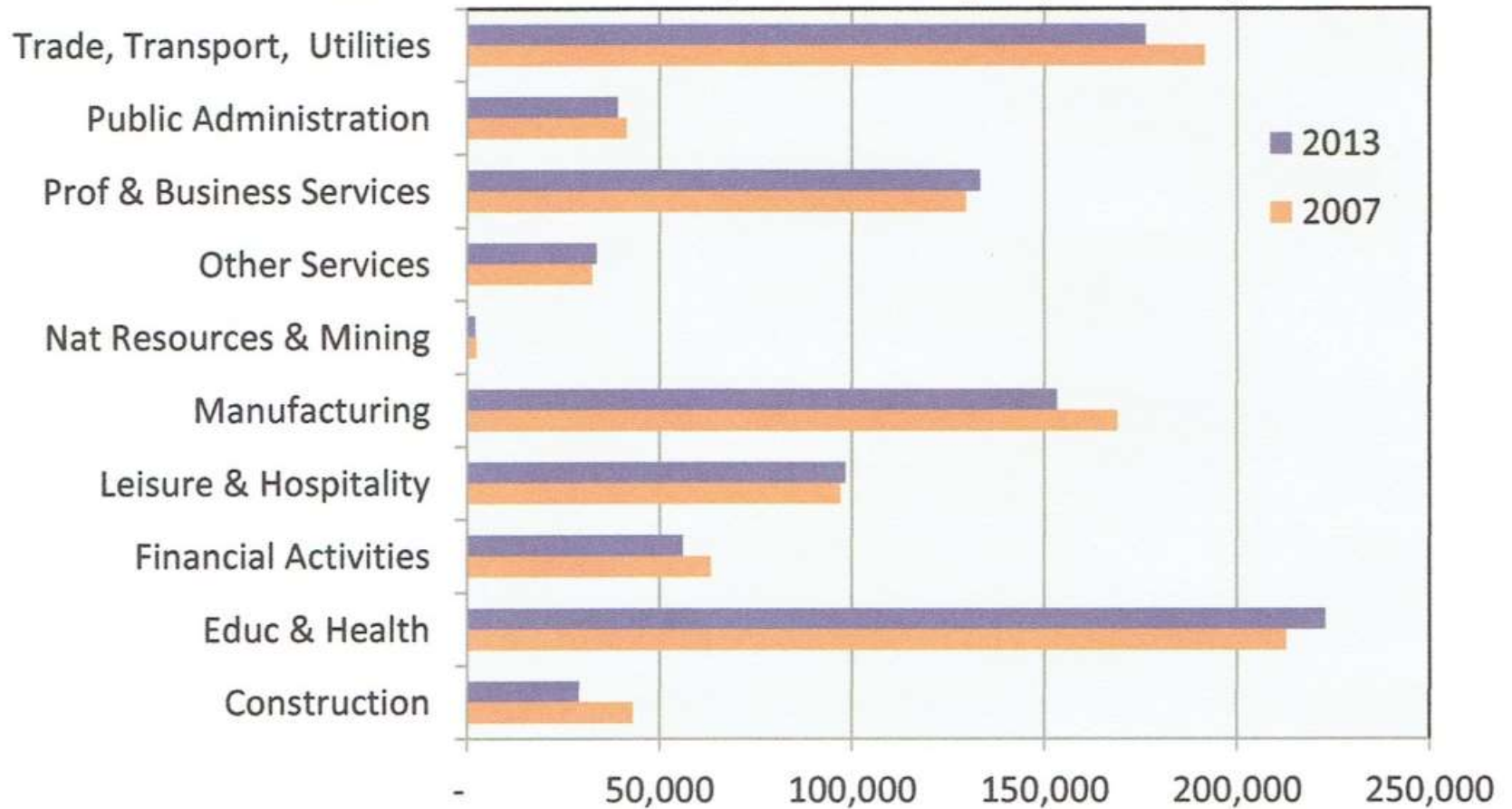
What RETAINs Do



Adapted from: Ed Morrison, 2009



Milw-7 Second Quarter Employment by Sector



Source: Wisconsin Dept of Workforce Development, Quarterly Census of Employment and Wages

Milwaukee 7 Action Groups

1. Midwest Energy Research Consortium
2. Great Lakes Water Institute
3. The Water Council
4. Food & Beverage Milwaukee Network
5. Young Professionals
6. STEM Foundation
7. STEM 7 Partnering Network

150 Stakeholders



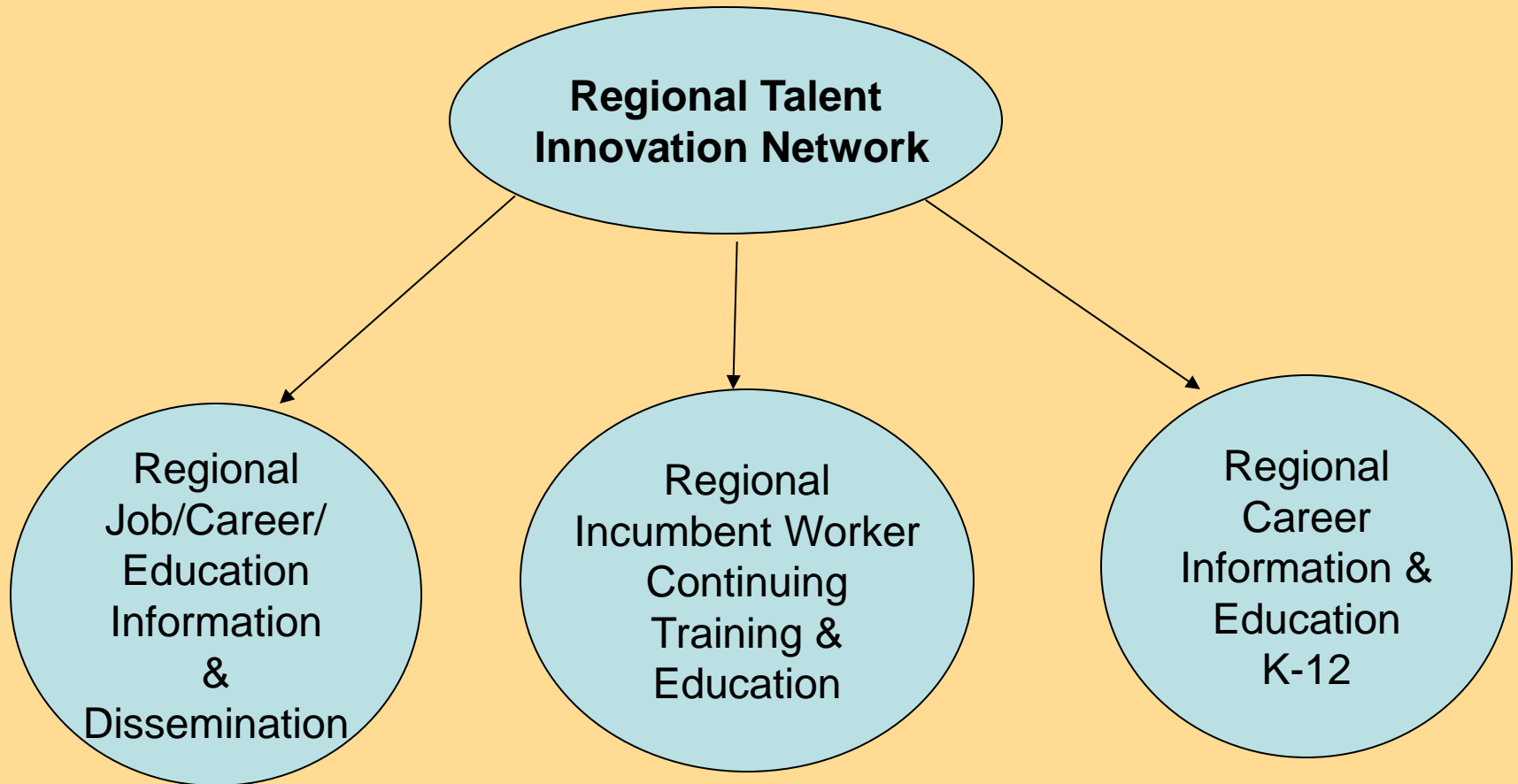
- 9 Strategies
- Implementation Plan
- Call to Action

Waukesha Technical College Dual Enrollment Pilot Program

- High school students from multiple areas
- 22-24 credits in manufacturing/information technology
- Curriculum design assistance from local companies

Networks Build a Neutral Civic Space

Shared Talent Vision



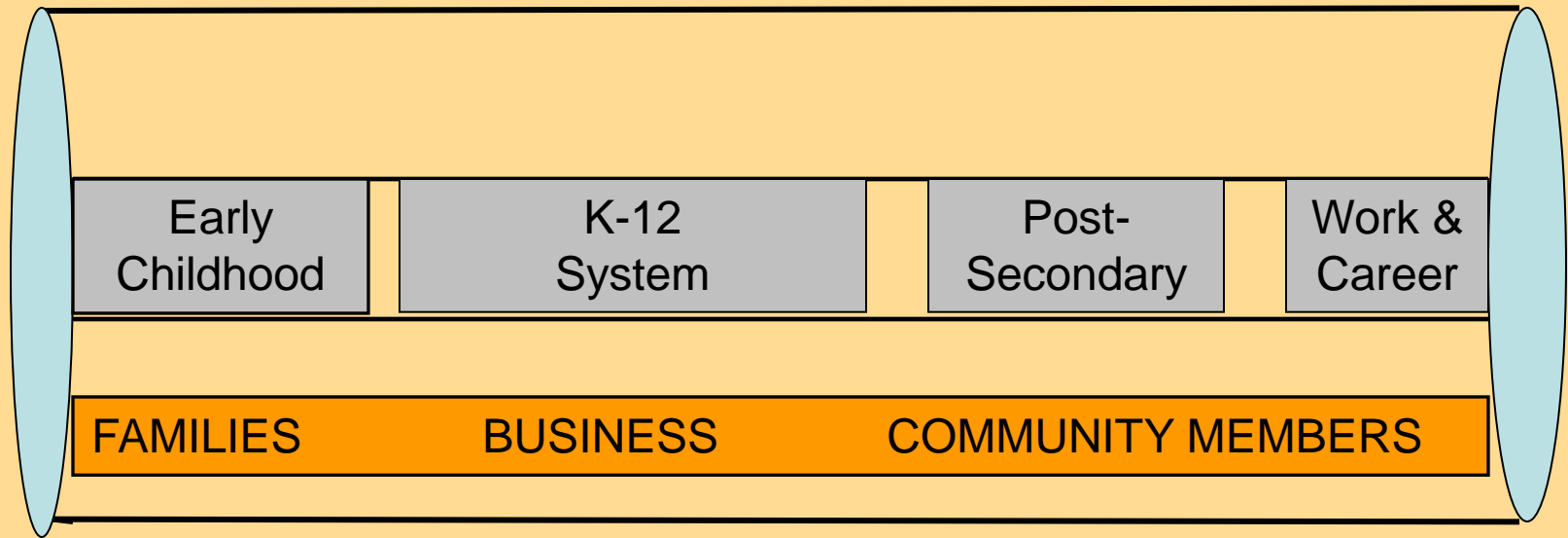
RETAIN Visionary Leadership

- Well-Respected
- Well-Organized
- Excellent Communicator
- Persistent
- Develops a Broad Team of Community Leaders

Q. What is a RETAINs mission?

A. It acts as an intermediary that builds a network of partnerships between business and community organizations.

Rebuilding the Regional Talent Pipeline



RETAINs Start at the Grassroots

Formula for Success

People plus Ideas plus the Right Resources

The Future

Regional Talent Innovation Networks

RETAINS

Implementation of

Regional Service Delivery Systems

Public-Private Partnerships

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