WINs
Workforce Innovation Networks

Working Together on Worker Training

By Brian Bosworth

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JOBS FOR THE FUTURE
CREATING STRATEGIES
for Educational and Economic Opportunity

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Workforce Innovation Networks—WINs

WINs, a collaboration of Jobs for the Future, the Center for Workforce Preparation of the U.S. Chamber of Commerce, and the Center for Workforce Success of the National Association of Manufacturers, addresses the workforce development needs of businesses and communities. Launched in 1997, WINs works with local employer organizations across the country that are on the cutting-edge of workforce development, testing the proposition that they can play a unique intermediary role in achieving a dual goal:

- ★ Improving the economic prospects of disadvantaged job-seekers and workers; and
- ★ Meeting the needs of their member firms for employees at the entry-level and above.

The Role of Employers in WINs

A basic principle of WINs is that efforts to help individuals succeed must provide education and training that meets employer needs for knowledge and high skills. Similarly, individuals—particularly those with low education and skill levels—will not succeed in gaining family-sustaining employment unless they gain the skills necessary to perform in today's complex work environment.

Yet the top challenge faced by the people and organizations whose mission is to serve either constituency—job seekers or employers—is the challenge of engaging effectively with employers. For example, in July 2002, WINs asked a group of workforce development professionals, "What is the primary workforce development challenge facing your community?" *Half* the respondents answered, "Employers are not connected to the system." WINs then asked, "What is the biggest challenge you face in implementing the Workforce Investment Act?" Over 40 percent of respondents said, "Engaging employers."

Jobs for the Future has prepared a series of resources on meeting the challenge of engaging employers in workforce development. These include:

- ★ *Employer-Led Organizations and Skill Supply Chains*
- ★ *From Stakeholders to Partners: Organizing Community Partnerships for Workforce Development*
- ★ *High-Leverage Governance Strategies for Workforce Development Systems*
- ★ *High-Leverage Human Resource Strategies for Employers*
- ★ *Mentoring*
- ★ *Working Together on Worker Training*

Working Together on Worker Training

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Cooperation among businesses to solve their common workforce problems is effective and efficient. Firms that work together on training can gain competitive advantages over firms that try to go it alone. Benefits, especially for smaller companies, include more successful pre-employment skill development and recruiting, less expensive training for current workers, reduced turnover, and higher productivity. In turn, effective workforce development offers opportunities for those with few skills and little work experience to get work, build skills, increase productivity, and move up. Employer organizations can lead the way toward their members' use of inter-firm cooperation as a powerful workforce development strategy.

This brief explains why inter-firm cooperation for workforce development is important, offers evidence in support, and explores several examples. It identifies different kinds of cooperation and suggests how employer organizations and their partners in regional workforce development systems can work together to build effective multi-firm collaboration.

Why Look for Cooperation in the Midst of Competition?

Across virtually all sectors of the American economy and among firms of all sizes, inter-firm cooperation has emerged as a key element of a competitive business strategy. Big firms have long seen advantages to "strategic alliances" that combine their market reach or technological capabilities. But in the modern economy, smaller firms have learned that carefully designed partnerships can offer special advantages. Because segmented global markets demand customized products and services tailored to narrow applications and particular needs, smaller and mid-size firms have to specialize around one or a few core competencies. But as they specialize, they must also learn to link their specialized competencies with those of other firms. Being competitive means knowing how to cooperate.

Just a decade ago, explicit cooperation among firms that might also compete with each other was seen as the exception. Now, it is the rule. Major customers encourage (sometimes demand) their suppliers to cooperate with each other to improve their mutual understanding of their complementary competencies and combine them in better ways. Smaller firms have come to realize that access to new markets and advanced technologies often requires the economies of scale and scope that come from cooperative working relationships with other firms. In addition, the more strongly and deeply that firms are linked to each other in the marketplace, the more fully and quickly they can learn from each other. Thus, the scope and quality of inter-firm linkages directly affects their competitive advantage.

Most firms are familiar with some forms of cooperation. Informal and ad-hoc cooperation among two or three firms around a specific problem or opportunity is common. At the other end of the spectrum, formal but limited cooperation among a large number of firms in a dues-paying, general membership institution is widespread. But new forms of cooperation fall between these traditional practices. Employer organizations can introduce employers to the use of inter-firm cooperation in networks, sectors, and clusters for workforce development.

What Does Inter-Firm Cooperation Mean for Workforce Development?

The challenges of workforce development—recruiting and retaining good entry-level workers, consistently upgrading the skills of current workers, and filling critical deficiencies in high-skill occupations—can be met better through inter-firm cooperation. As small firms try to upgrade the skills of their workers, they often encounter problems of scale that drive up costs. Working separately, training costs more money and takes more time than many firms are prepared to devote. Sometimes the firms are also concerned that if they do invest in training their own workers, there may be little to prevent another nearby company from luring away them away with the promise of a slightly higher salary. These factors and the difficulty individual firms have in gathering enough knowledge to develop effective specifications for training can prevent development of training or reduce its quality. Getting the firms in the region to work together helps to solve these problems.

However, many firms find it difficult to establish the training cooperatives. They require time and associative skills that are in short supply, especially in smaller firms. Publicly funded agencies can sometimes take the lead, but for many this is a new role for which their staff has little preparation and even less credibility.

New Forms of Inter-Firm Cooperation

In networks—discrete groups of firms who carefully select each other and explicitly agree to cooperate tightly over time to achieve some benefit not available to them independently. Such networks might include as few as three or four firms or as many as two or three dozen.

In sectors—groupings of firms that make similar products or offer similar services. All the plastics manufacturers in a region constitute a sector; several hospitals in a metro area would make up a sector; almost every region has a hotel sector. In many regions, these sectors have their own trade or industry association.

In clusters—still larger inter-dependent groupings of firms that may be similar, related, or complementary. Usually composed of firms from many sectors, clusters emerge in regions where they share a common market, resource, or technology. For example, the hospitality cluster in a region would include its hotel sector, its restaurant sector, and of course its tourist attractions and support facilities. The Detroit automotive cluster includes not only the automakers but also the designers, engineering firms, parts suppliers from many different sectors, and even the shippers and after-market manufacturers.

Traditional Workforce Development Systems Have Been Slow to Respond

Traditional employment and training systems have not encouraged inter-firm cooperation. Rooted in the supply side of the labor market, they have tried to build the skills of job entrants with little input from employers and with little attention to how these skills are developed and used in the workplace. Instead, their attention to employers has been focussed on, and largely limited to, job placement. Employer organizations that lead efforts for inter-firm cooperation can benefit traditional workforce development systems by enabling them to respond to realities employers (and those they employ) face. Among the most important attributes of competitive success for any enterprise in the modern, knowledge-based economy are flexibility and speed of response to rapid changes in markets and technology. Employers must be able to respond quickly to changing skill requirements by rapidly finding new employees with the right job preparation, and by regularly and consistently helping current employees acquire new and advanced skills.

Internal career ladders no longer work well for employees or firms. Firms are smaller and jobs less differentiated. To the extent career ladders exist at all, there are fewer of them; they have far fewer rungs; the rungs are less dependably anchored; and workers need much longer reach and bigger steps in order to pull themselves up. As a consequence, entry-level jobs are not well connected with the jobs "above" them. It is harder for entry-level workers to move up from the bottom than it used to be. Therefore, many entry-level jobs don't appear to offer a way up and out of poverty—they are seen as "dead-ends" rather than "quick starts."

This places a lot of stress on regional workforce development systems whose concern about employers traditionally has stopped with job placement. Now, they must support firms in providing their employees better opportunities for ongoing skill development and career progression, including special efforts to ensure access, retention, and advancement for those most disadvantaged in the labor market. Those that have responded effectively have developed structures for significant involvement of employers.

Moving to the Demand Side of the Labor Market

Over the past few years, potentially powerful new strategies to address these problems have begun to emerge, largely from the experience of good economic development programs. Common to these strategies is a shift toward the demand side of the labor market and a sharper focus on work as a way to develop job skills and career mobility. The idea is to *pull* people through skill development programs that are more customized to the real job requirements of the employers rather than *push* them into acquisition of skills without considering the context in which they will be used.

But focussing better on the demand side of the workforce development system cannot work if each employer is seen as unconnected to any others. Regional employment and training organizations will never have the resources to work with each and every small employer. These new demand-side strategies therefore require efforts to assist complementary and inter-dependent firms to work together in devising human resource strategies that take advantage of their inter-dependencies.

Inter-firm cooperation works for new employee entry-level training. Firms that recruit and hire a lot of workers for entry-level positions find that making the wrong new hire can be very costly. Because these entry-level jobs often do not require extensive postsecondary education, formal skill development, or several years of experience, employers often have little on which to base the hiring decision. In some regions, firms with somewhat similar entry-level needs (all manufacturers, for example, or all retailers) have discovered they can dramatically cut costly turnover and new employee orientation training through joint entry-level training and certification programs. Individually, they cannot afford the foundation training that will produce certified new workers, but collectively they can. The Georgia Certified Entry-level Training Initiative (see box) is a good example of such multi-employer cooperation.

Firms can also cooperate in upgrading skills for existing employees as job requirements change. For example, many firms seeking to gain ISO 9000 certification have found the actual content of the training is very similar from one firm to another, even across sectors. Employees from different firms can undergo the training collectively—their differing perspectives and experiences often enrich the quality of the training. Sometimes this kind of collective worker training has the effect of moving current workers into higher-level positions and opening new jobs at the entry level. This has been among the several benefits of the San Francisco Hotels Partnership training efforts (see box).

Multi-firm cooperation can also be very helpful in finding and training high-skill technical workers, who often are in critically short supply in an entire industry sector or cluster. This was the case for Indianapolis plastics manufacturers, whose training collective is profiled here (see box).

The more strongly and deeply that firms are linked to each other in the marketplace, the more fully and quickly they can learn from each other.

Georgia's Certified Entry-level Training Initiative

A few years ago, it became apparent to the senior staff of Georgia Department of Technical/Adult Education (DTAE) that many of the manufacturing firms they were helping with worker training had very similar expectations for their entry-level workers, but all struggled with how to promote these threshold skills. DTAE convened a series of focus group meetings with manufacturers throughout the state to determine the feasibility of developing a standard, pre-employment program to help prepare candidates for entry-level jobs in manufacturing with a common set of fundamental skills. Employers throughout the state greeted this proposal with enthusiasm, and several began working together to design such a program. The Certified Manufacturing Specialist Program (CMS) began in 1997 and was quickly picked up by employers throughout the state—in the first 12 months, over 1,700 people received certificates. The program has continued to expand rapidly, reaching about 3,500 within two years.

DTAE had expected the program to be popular, but the rapidity of its acceptance by employers and job seekers surprised even its strongest champions. The program is also very popular with "under-employed" workers looking for a better job. Even though the labor market is as tight in Georgia as in the rest of the nation and unemployment is historically low, many individuals working at low-wage jobs understand that now is the time to get a higher-paying manufacturing job that promises a better future.

The success of the CMS program prompted DTAE to initiate a similar program for Certified Customer Service Specialists. This program has been just as popular as its predecessor. Started in just the second half of 1997, it produced nearly 2,000 graduates within a few years. Much of the structure of the CCSS program is similar to the CSM program, including length, credit hours awarded, approximate cost, entrance requirements and procedures, the statewide availability through the technical institutes, and strong employer participation. Now on the drawing boards is a third, certified entry-level training initiative—this one for the construction trades, where it can serve as a pre-apprenticeship training program. With these three programs, Georgia officials believe they can create entry-level standards and start to develop career ladders for over two-thirds of the entry-level jobs in the state.

Roles for Employer Organizations

By applying these lessons and building on these examples, employer organizations can provide direct and important benefits to their members. Employer organizations' deep knowledge of member firms positions them to be effective in promoting collaboration regarding workforce development. Employer organizations can provide the connection between smaller employers and a range of publicly funded workforce development activities, as they often do in other areas. Roles employer organizations can play include bringing their members together to define shared needs for skill development, brokering education and training services, and/or providing some of those services. These roles are extensions of many employer organizations' core competencies.

Vertical trade associations (those whose members are in the same sector or cluster) have a history of developing direct training initiatives and many are becoming even more deeply involved in setting up and running these cooperative training ventures. Some industry groups periodically survey their members to determine training needs and identify those topics in greatest demand. They then pull together committees of representatives from the firms who jointly draft specifications of objectives and requirements that are "put out to bid" among education and training providers in the region. Much of the training is then offered at a central location where workers from several firms develop these new skills together.

General-membership, business associations, such as chambers of commerce, usually have less experience in worker training because their members have a wider range of needs, but often they, too, respond creatively to their members' workforce development needs.

The San Francisco Hotels Partnership

Sometimes, employers can find common cause with unions on incumbent worker training efforts. One impressive example is the labor-management partnership in San Francisco that is the foundation for the San Francisco Hotels Partnership Program. Twelve big hotels and two unions established this program in 1994, with help from the State of California. Over 1,600 incumbent workers received training under the initiative in the first five years.

Training High-Skilled Plastics Technicians in Indianapolis

In some cases, firms are learning that they can work together to address shortages of high-skilled workers. In Indianapolis, a group of plastics manufacturing firms affiliated under the Mid-America Plastics Association have established joint training programs for very highly skilled plastic-mold makers and precision machinists. All of the training is aimed at groups of workers from several participating firms. Most of the training is provided at the worksites of the participating firms—other workers come to those locations, typically during the workday. Some of the training is off-site at local training institutes. The firms draw upon national standards of skill competencies.

Key Elements of Organizing and Managing Training Collaboratives

Keep the employers in charge: Most multi-firm training collaboratives work with other organizations such as community colleges or regional workforce development agencies, and these other organizations are frequently members of the collaborative. They can bring access to external funding, lessons from other collaboratives, expertise in organizing and delivering training, and they often have the staff and time to support the collaborative in ways that the owners and managers of firms cannot. But these members will have different goals and reasons for participation, and they will measure success differently. The advice from established collaboratives is to keep the firms in the "ownership" role.

Aim for the right balance between breadth of participation and depth of commitment: Getting the right number and mix of firms into the training collaborative is a crucial factor in determining its success. The more members, the greater the economies of scale and scope, which makes more training feasible. For programs where career ladders and skill credentials are important, a large number of employers will be necessary in order to gain a critical mass within the target sector or cluster. But inevitably, large memberships will slow the emergence of familiarity and trust, so larger groups will require more process management. Frequently, they will demand a stronger financial commitment from members to assure their attention and involvement. Thus, there is a point of diminishing returns to scale. Sometimes, it will be better to limit the number of participants or industries to avoid over-generalizing and thus diluting the curriculum.

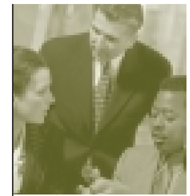
Try to work through existing organizations: It is usually much easier to work through an existing organization that already has established credibility through prior relationships with employers than it is to create a new one. But even where institutional credibility already exists, careful attention to communication is needed to preserve it. It is essential to be clear upfront that there will be benefits and costs.

Leadership is all-important: At least at the beginning, the person leading an initiative is the initiative. A training collaborative has to be built on personal relationships and trust; these cannot be rushed. Deciding who presents the initiative is very important. Take care to find the right champion whose leadership will send the right signals to the other employers. Remember also that an effective convening entity will lead "from the back of the room." Although good staff prepares agendas and scripts meetings, it is the executive committee members—the firms—who should be up front.

Assume the firms must pay: Outside funding can provide a needed boost for a training collaborative, especially during initial planning and design phases. But once a training program starts operation, internal revenue will become important to program survival, and employers almost always will have to pay for services. Make this explicit at the beginning. Once employers become accustomed to not paying for a training program, especially pre-employment training and referral, it can be very difficult to change the rules and impose fees.

Use the right tools to help get started: Building training collaboratives requires firms to develop common vocabulary about skills requirements and training methods. There are several tools available for defining the skills/competencies required for a job. A regional workforce investment board or community college can help locate instruments, such as *WorkKeys*, *Work Profiling System, Asset, Dacum, Advance, CASAS, and O*NET*. Also, national and industry skill standards provide a foundation for curriculum development, and national associations are often a technical assistance resource. Starting from national standards rather than from a job description provided by a member firm or firms has the advantage of being industry-oriented rather than oriented to one or more employers. A second benefit is that graduates gain certifications that are widely recognized.

Pay a lot of attention to choosing training vendors: The most common problem cited by training collaboratives that failed to meet early expectations of their organizers and members was a poor choice of training vendors. Clearly, the vendor must have the capacity to provide the training—the required expertise and familiarity with the industry. Responsiveness to industry needs is also important. For example, is a community college flexible enough to offer non-degree courses, go on site to provide training, or offer weekend and evening classes if that is what the employers need? A local provider may have the advantage of existing relationships with employers, but that does not mean it is the best choice. The Internet and the rapidly evolving telecommunications technology open up a whole world of training providers.



Define goals clearly at the outset: Success does not require constant expansion or even longevity. For example, a Cleveland cable television training program trained enough entry-level cable TV installers to meet the demand, and all of the graduates were still on the job after a year. When an impending merger reduced demand for new cable installers, the program was temporarily dormant—but it could be revived when the demand for cable installers increased again.

Chambers of Commerce and Worker Training

Holyoke Chamber of Commerce

The Holyoke Chamber of Commerce in Massachusetts has led the development of a consortium of paper manufacturers and paper converters, who have collaborated around developing a common curriculum for the machine operators position. Occupational clusters targeted for curriculum development were chosen based on commonalities in each of the paper converters' shops, and profiles of the jobs were developed utilizing WorkKeys. These actions have facilitated cost sharing and training among the participating employers. Several of the participating employers have also implemented a volunteer "train the trainer" program for Machine Operators. This program has been included in union contracts and will begin to restructure internal career ladders by encouraging some of the trainers to move into supervisory positions. In addition, some of the paper converters intend to implement a mentoring program for new hires.

Rochester Chamber of Commerce

The Rochester (NY) Chamber of Commerce launched the Rochester Corporate Training Initiative. Several large and mid-sized corporations in Rochester have agreed to open up their internal training programs to other firms in the region. The Chamber has taken the lead in working with these firms to develop common curriculum vocabulary and a web-based course catalogue. The companies that developed the training for their own workers are free to establish their price for the training as it is made available to other companies. If the training is classroom based, it is frequently accessible only at the site of the sponsoring firm, but as demand from other firms warrants, the training can be offered off-site. As more of the training offerings migrate to the Internet, they become far more accessible to other companies. The Corporate Training Initiative also allows training and education institutions to list their training offerings within the same web-based course catalogue.

All companies with effective mentoring programs share a common understanding of the importance of properly introducing new hires, especially in entry-level positions, to a supportive work environment.

Building Collaboratives: The COWS Model

The Center on Wisconsin Strategy (COWS) at the University of Wisconsin has an excellent track record in organizing multi-employer training collaboratives in Wisconsin. According to the center, there is no magic bullet, but a straightforward approach is the best.

- Study or contract for a study of the labor force situation in the target industry or occupational cluster.
- Invite industry members to a conference to hear the study results.
- Identify opportunities for meeting training needs through collaboration.
- Offer to staff the process of planning the collaborative effort.

This approach aims to clearly identify the benefits of shared action. It can help speed the process of building the relationships and trust needed for an alliance to work for competing firms, which in the context of a skilled labor shortage are competing for trained workers as well as market share.

Another evaluation perspective focuses on the educational benefit the individual receives from the training. Some more sophisticated collaboratives are starting to require outcome information that examines how the training contributes toward a degree—from GED on up—and whether individuals pass a certification test upon completion of the program.

Conclusion

Firms can and will cooperate in joint solutions for common problems of workforce development. But they need help because time and associative experience are limited, especially among small and medium-size firms providing the bulk of new jobs in today's economy. Workforce development agencies are starting to understand why it is important to help firms form training and skill development collaboratives. However, most agencies have limited experience, and many firms don't trust public sector institutions to understand their real needs.

Employer organizations can build upon their strengths and thereby strengthen workforce development. Based on their strong relationships with their members and their deep knowledge of their members' needs, employer organizations can be trusted leaders of efforts to build multi-firm training collaboratives.

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