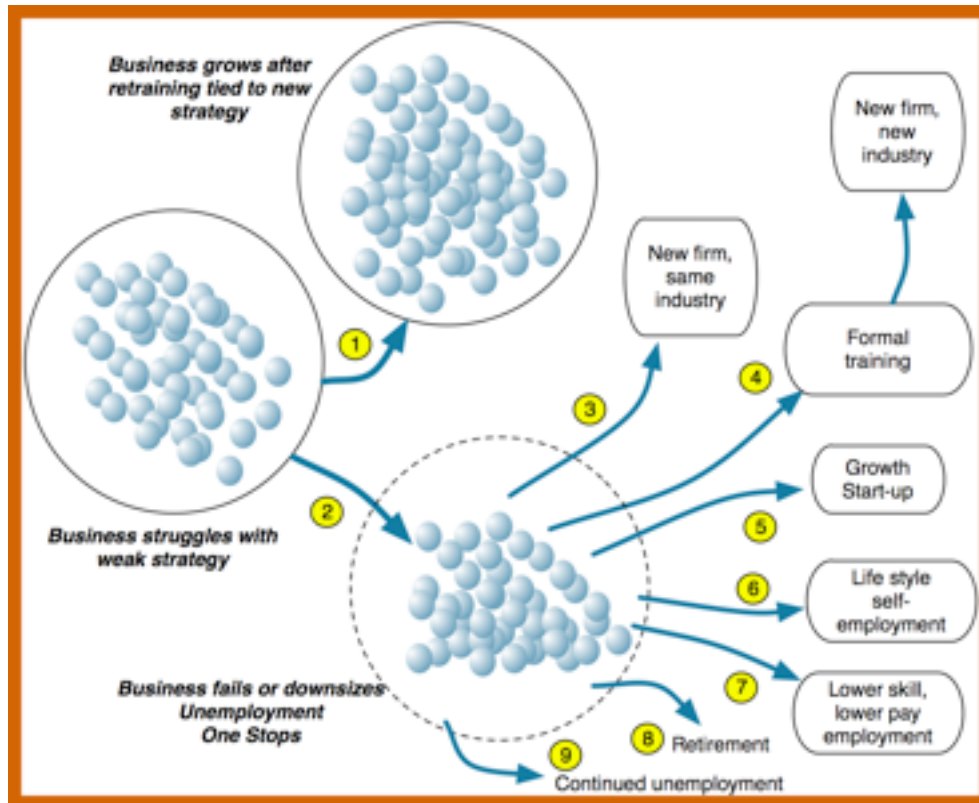


RE-EMPLOYMENT NETWORKS



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Developing Re-employment Networks

Our current situation

We are in the midst of a recession that is among the deepest on record. Here is how a report released by the US Conference of Mayors in January 2009, described our situation:

The US economy enters 2009 in crisis....[T]he economy is now in a deep recession, with all industries and regions suffering....[W]hen the final data is tallied, real GDP growth is expected to have dropped nearly 5.6% in the fourth quarter of 2008, its worst performance since 1982...The results are grim across the board... The decline in the labor market is severe. Employment fell nearly 500,000 per month in the last four months of 2008, and we expect similar losses through the first quarter of 2009...December marked the 12th consecutive month of job cuts, and the cumulative payroll decline now stands at more than 2.5 million. We believe that it's just halfway to the total job loss anticipated during the cycle.

Source: Global Insight, U.S. Metro Economies (January 2009) prepared for the U.S. Conference of Mayors

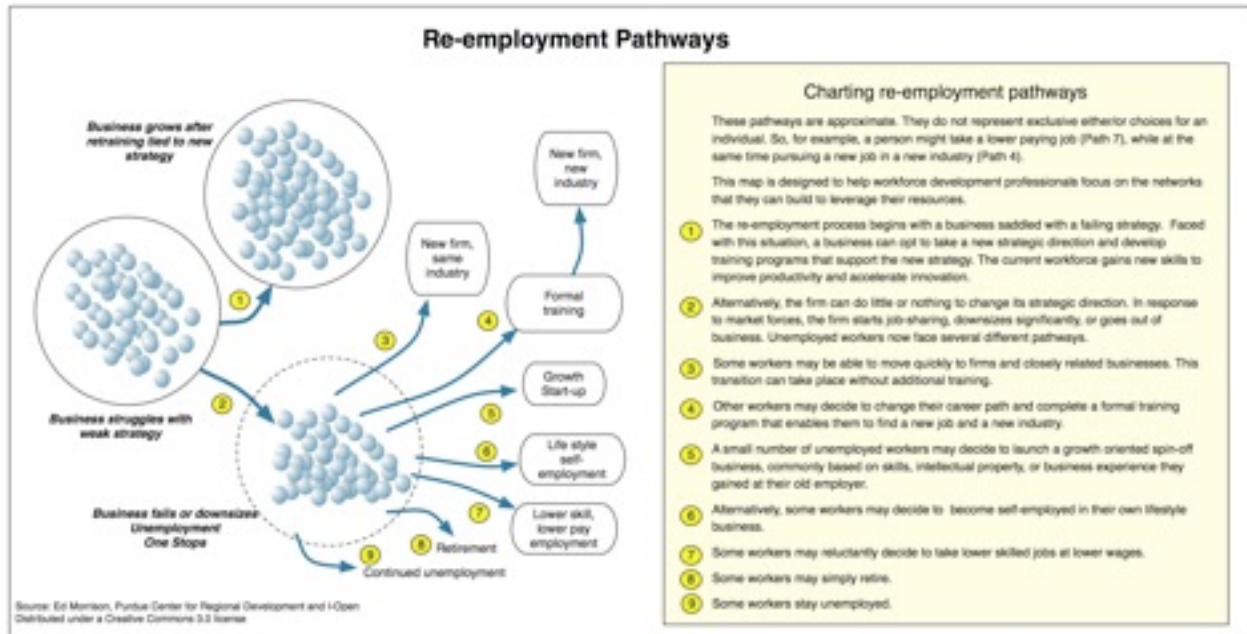
Clearly, the recession puts the public workforce system under extraordinary stress. The re-employment component of the public workforce system was not designed to handle such a widespread and deep downturn. This white paper explores how we might dramatically improve the productivity of our re-employment system through “link and leverage” strategies. This approach requires the development of new networks which are both open and guided. These networks can align our resources more effectively toward clear outcomes. At the same time, these networks can accelerate the innovation we need to improve the productivity of our current re-employment system.

Mapping re-employment pathways¹

We start by specifying the different pathways that make up the re-employment process. A note of caution: these pathways are approximate. They do not represent exclusive either/or choices for an individual. So, for example, a person might take a lower paying job (Path 7), while at the same time pursuing a new job in a new industry (Path 4).

1. The re-employment process begins with a business saddled with a failing strategy. Faced with this situation, a business can opt to take a new strategic direction and develop training programs that support the new strategy. The current workforce gains new skills to improve productivity and accelerate innovation.
2. Alternatively, the firm can do little or nothing to change its strategic direction. In response to market forces, the firm starts job-sharing, downsizes significantly, or goes out of business. Unemployed workers now face several different pathways.
3. Some workers may be able to move quickly to firms and closely related businesses. This transition can take place without additional training.
4. Other workers may decide to change their career path and complete a formal training program that enables them to find a new job and a new industry.

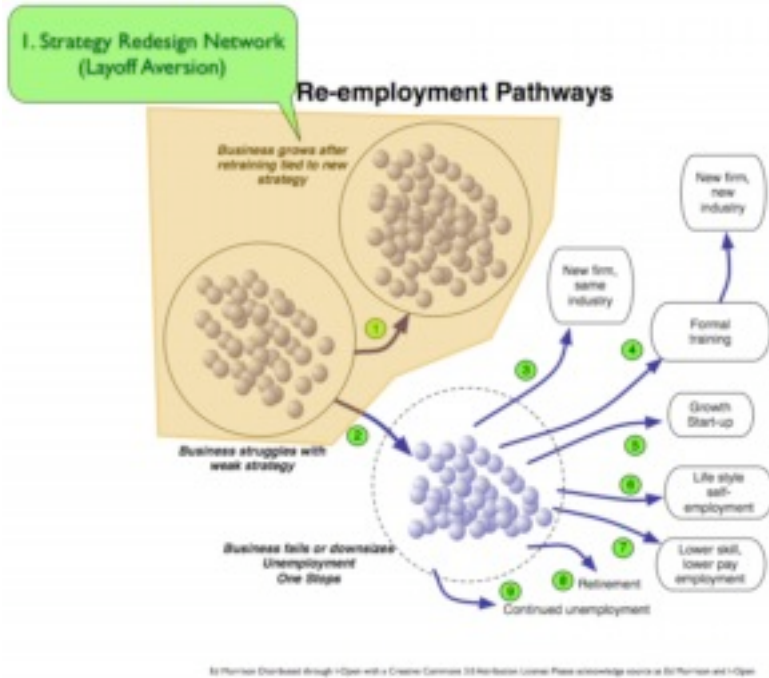
5. A small number of unemployed workers may decide to launch a growth oriented spin-off business, commonly based on skills, intellectual property, or business experience they gained at their former employer.
6. Alternatively, some workers may decide to become self-employed in their own lifestyle business.
7. Some workers may reluctantly decide to take lower skilled jobs at lower wages.
8. Some workers may simply retire.
9. Some workers stay unemployed.



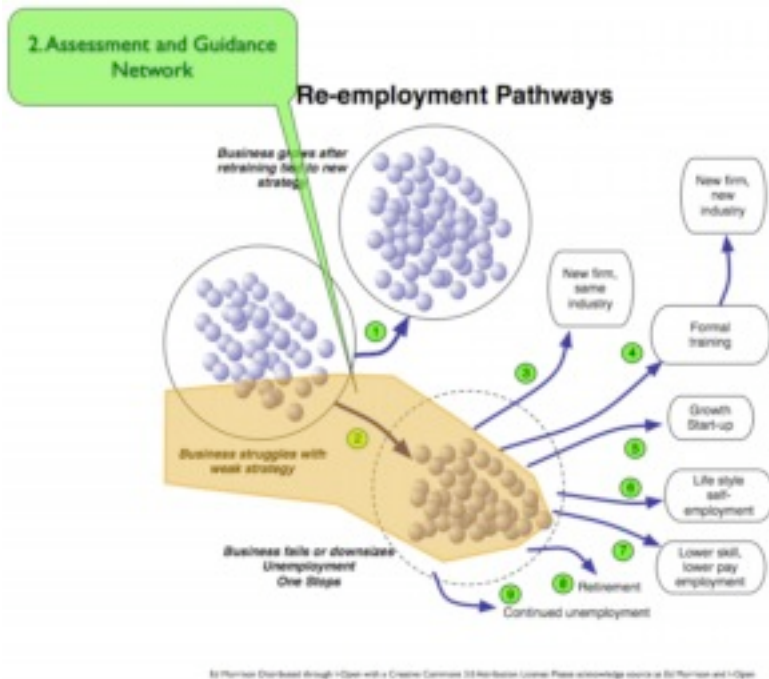
Developing re-employment networks

Using these pathways as a guide, we can identify eight different networks which -- if we develop them -- can improve significantly the productivity of our reemployment system. We explore each of these networks on the following pages:

1. Strategy Redesign Networks
2. Assessment and Guidance Networks
3. Direct Re-employment Networks
4. Growth Cluster Networks
5. Skunk Works Networks
6. Self-Employment Networks
7. Career Ladder Networks
8. Career Exploration Networks

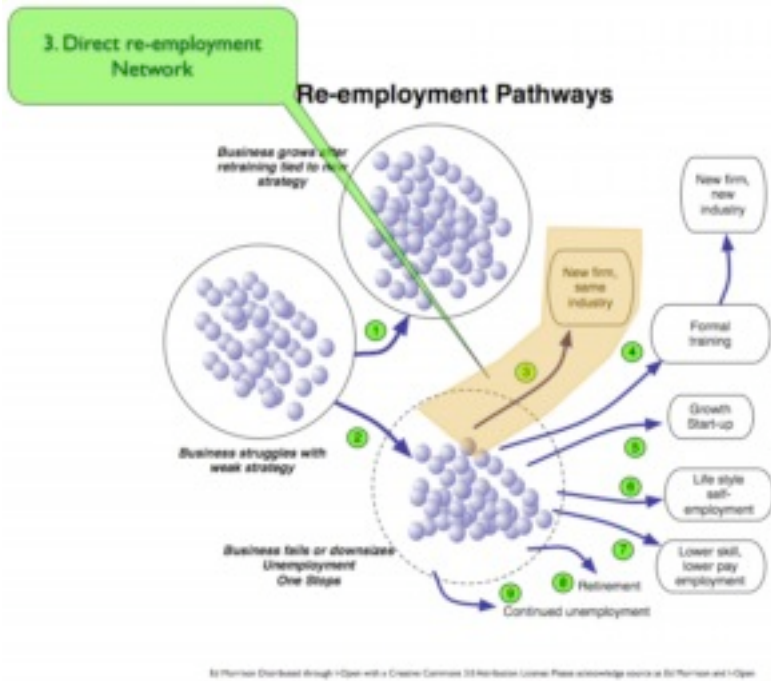


Strategy Redesign Network (layoff aversion): Within this network, the reemployment system assists a company by providing training to support a new strategy. In Missouri, for example, an extensive Strategy Redesign Network (or, if you prefer, Layoff Aversion Network) combines training resources with assets from the Manufacturing Extension Partnership.

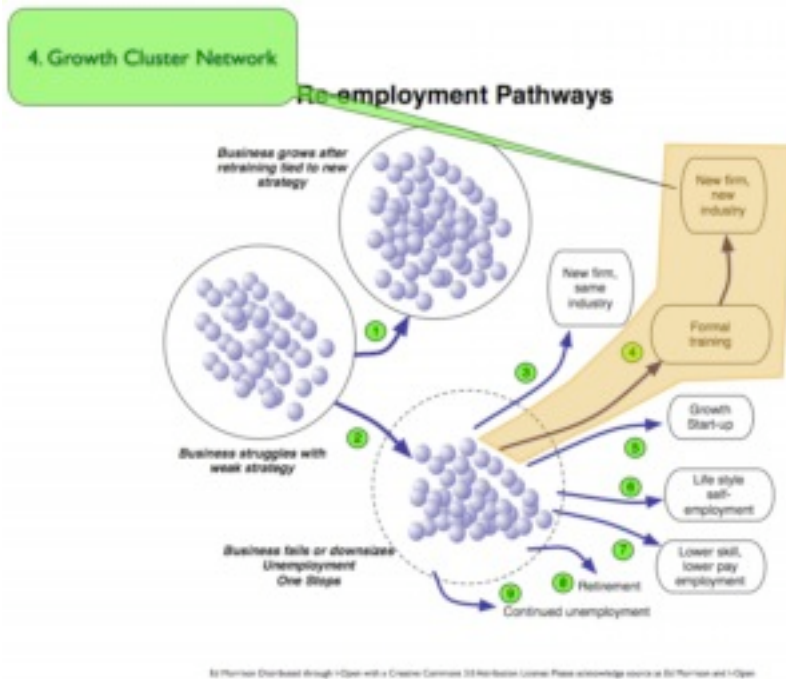


Assessment and Guidance Network: This network represents the threshold through which workers pass as they leave the company. As such it is the broadest network and requires handling the largest volume of people. This network provides assessment and guidance to these workers. Ideally, this network can certify workers as to their skills and reliability and refer them to willing employers. This network is especially valuable for smaller

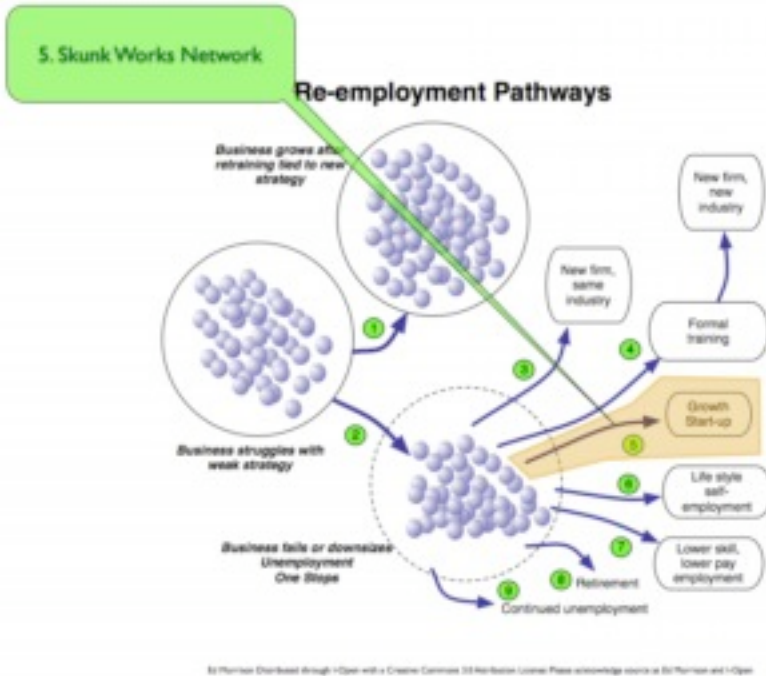
and mid-sized companies -- the companies most likely to be growing -- which do not have extensive human relations departments to screen and evaluate employees.



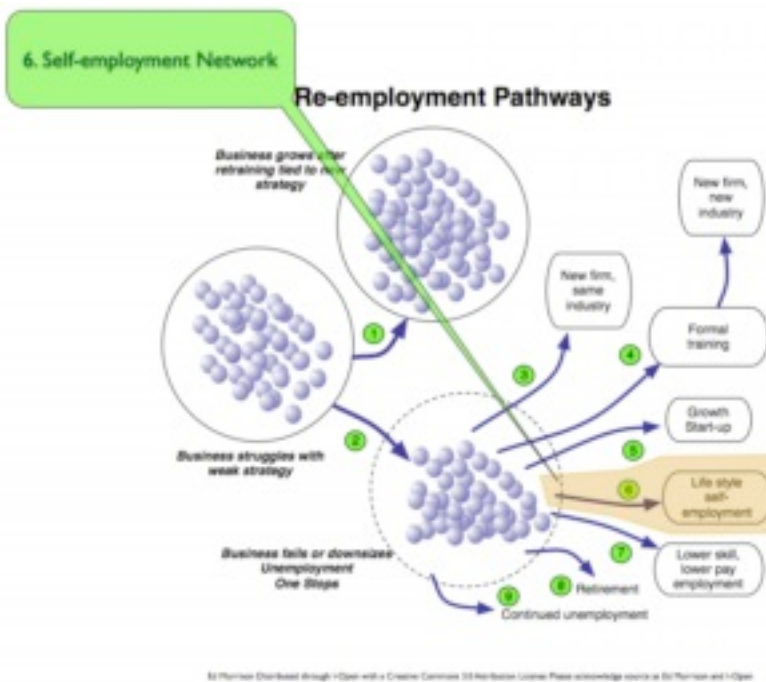
Direct Re-employment Network: Within this network, workers find new employment in their existing industry without going through re-training. While in many ways this network is the most simple, it is also the network that is least likely to handle large volumes of people. The network will focus on high skill occupations in demand, such as experienced machinists or welders.



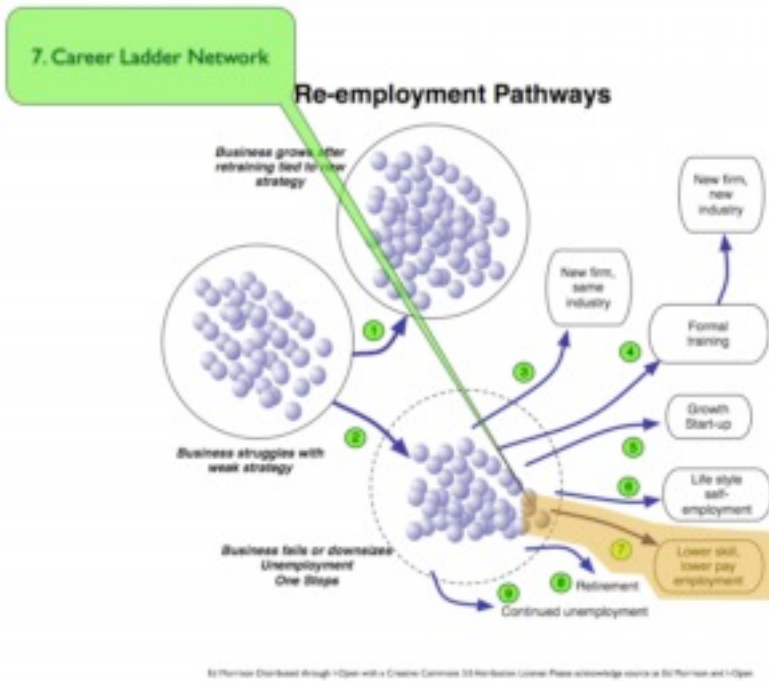
Growth Cluster Network: In this network, workers leaving one industry are retrained in for opportunities that are emerging in new growth companies. In Indiana, for example, this network trains low skilled assembly workers leaving recreational vehicles manufacturing for skilled manufacturing jobs in medical equipment.



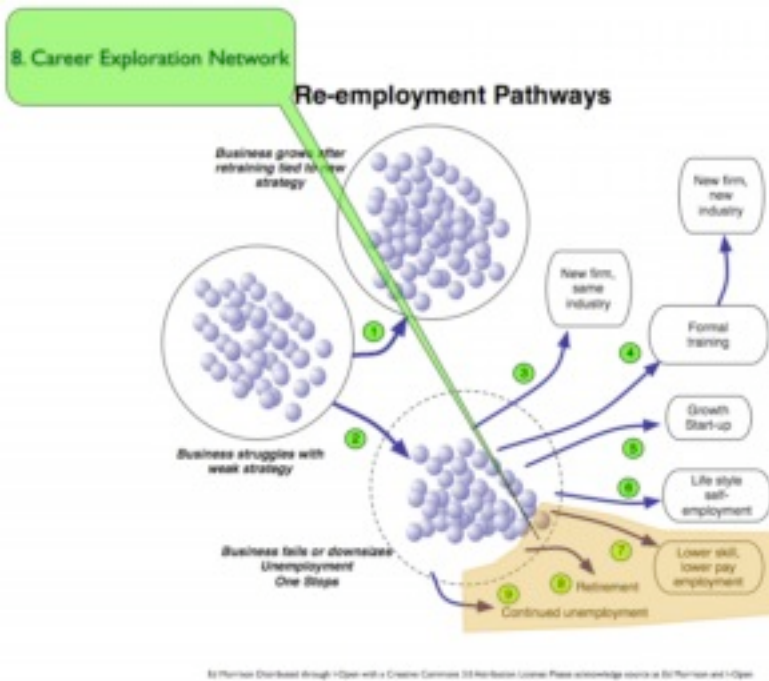
Skunk Works Network: In this situation a group of displaced workers forms new companies, often based on the intellectual property and facilities left by their former employer. Southwest Michigan has successfully developed these networks in the wake of the Pfizer shut-down. Kokomo is working on these networks in the face of a Delphi downsizing.



Self-employment Network: Increasingly, workers are finding re-employment through self-employment. This network provides business support services for individuals considering this option. Self-employment can include everything from setting up a storefront on eBay to buying a franchise.



Career Ladder Network: A number of individuals may have to settle for lower skilled work at lower pay. For these individuals, the reemployment system should assist them in defining a career ladder appropriate to their skills and ambitions. It provides them a ladder out of what is, hopefully, a temporary employment situation.



Career Exploration Network: This network provides guidance to individuals on the edge of the regional labor market. These individuals are unemployed or retired. The reemployment system should be able to present different employment and training pathways to these individuals.

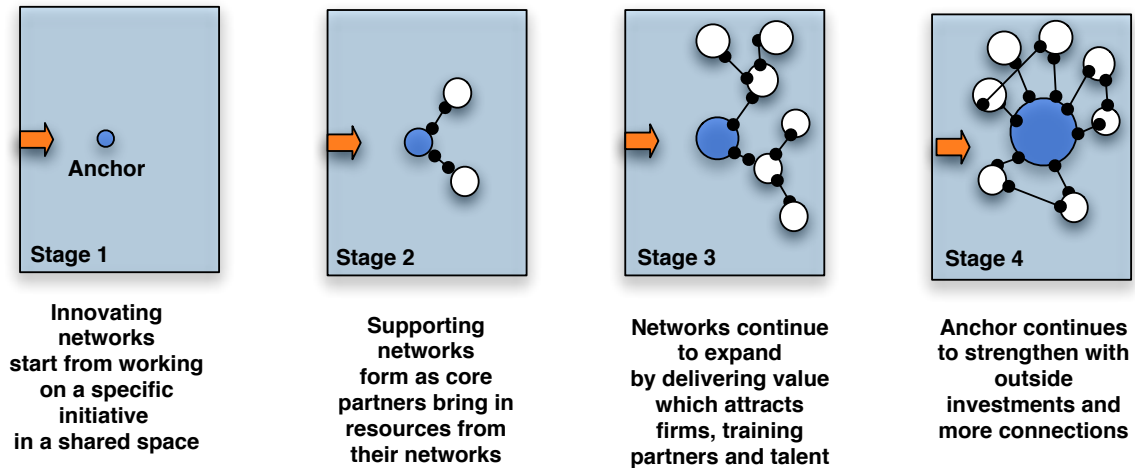
Each of these networks has a separate purpose and a different array of partners. The public workforce system, combined with area community colleges and universities, provide the core resources within each of these networks. The challenge involves continuously aligning, linking and leveraging resources within these networks to expand dramatically the volume of individuals moving through the system toward a better future.



The central role of the public workforce system, community colleges and universities

The public workforce system, in collaboration with community colleges and universities, can develop and guide these networks. The process of network development starts with a “safe” space in which difficult conversations about alignment and outcomes can take place. In Southeast Wisconsin, for example, the Center

for Education Innovation and Regional Economic Development plays this essential role.



These collaborations will take time to develop. A disciplined process of Strategic Doing can accelerate the formation of these networks and monitor their performance. Strategic Doing is a discipline to align, link and leverage resources in open networks.

Further information

The Purdue Center for Regional Economic Development, The University of Akron, the Institute for Open Economic Networks (I-Open), and the Center for Education Innovation in Regional Economic Development are working to design and deploy re-employment networks. You can contact Ed Morrison at edmorrison@Purdue.edu