

talent:

THE CURRENCY OF THE
21ST CENTURY ECONOMIC DEVELOPER



PART I IN A TWO-PART SERIES

Talent: The Currency of the 21st Century Economic Developer

For more than 30 years I've had the opportunity to assist communities with their development goals and have witnessed first-hand the profound changes affecting economies in rural America, suburbia, and major metropolitan statistical areas (MSAs). Whether it's rural agriculture towns like Henderson, Kentucky, blue-collar to white-collar transitional cities like Roanoke, Virginia, tourism-centric communities like Daytona Beach, Florida, university-driven towns like Athens, Georgia, or major MSAs like Atlanta, Georgia, no economy has remained immune to the immutable law of capitalism known as profit.

How companies generate profit and how communities play a vital role in that goal is the purpose of this commentary. Without profitable businesses, communities lose jobs, wealth, taxes, and families. It's a downward spiral that has unfortunately played out across thousands of American communities in the last century. While it's easy to name celebrated ghost towns that once capitalized in real gold, like Bodie, California; Virginia City, Montana; and St. Elmo, Colorado, what happened to the struggling communities of Thurmond, West Virginia or downtown Cairo, Illinois? Quite simply, they weren't profitable enough for the companies or families that once lived there. For whatever reason, be it environmental or man-made, as companies and workers leave, tax income dwindles and government and social services are greatly reduced or eliminated. City bankruptcy ensues and if no buyer or bailout is found a ghost town emerges.

If you're thinking, "So what? These communities were too small to sustain themselves and my community is 'too big to fail,'" what do you think gave rise to the challenges facing Detroit, Michigan, San Bernardino, California, and Jefferson County, Alabama, which have all filed bankruptcy this decade, as have many others. If you are a community leader, have you considered what your "gold" is and whether or not you might lose it in the near future?



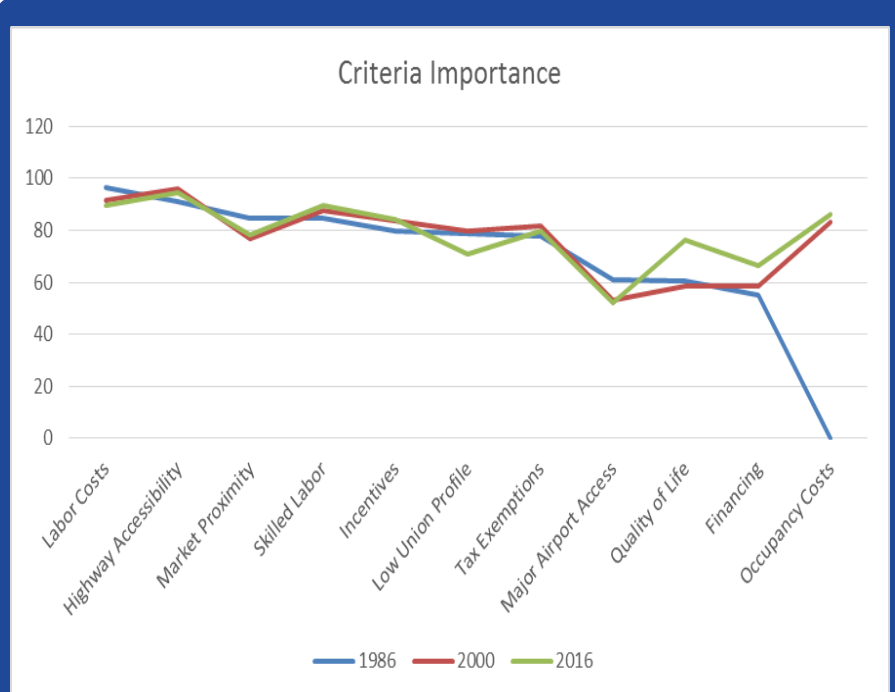
Have you considered what your "gold" is and whether or not you might lose it in the near future?

Oblivious to most people as they focus on their daily routine with kids, school, and work, the gears of industry are focused 24/7 on the bottom line. They calculate hundreds of variables daily to determine if they can maintain or improve profits for their owners or shareholders. Generally speaking, the corporate businesses that economic development professionals are trying to recruit do succeed and spend many years, quite often their entirety, in a single location. Sometimes, however, they realize the current local variables are moving beyond their control. They must make tough decisions to close permanently, expand to other locations, or relocate entirely to stay viable. If enough companies choose to relocate, the economic impact is devastating and communities struggle to reinvent themselves or risk insolvency.

Since 1986, Area Development Magazine has published an annual ranking of the attributes most important to companies considering relocating or expanding to an area and, by extension, staying. Although the top ten variables important to industry change from year to year, there is a remarkable consistency over the past 30 years in the top three priorities: availability of highway accessibility, availability of skilled labor, and labor costs. Labor has been the historical driver of American productivity, first skills then costs. This bodes well for those communities that have technical colleges, community

colleges, and major universities. Those communities who've taken it a step further and have come to the realization that workforce development begins in middle school and thus have programs addressing these skills earlier than other communities will realize a significant long-term advantage.

The flip-side of workforce development (increasing skills) is talent attraction (those that already possess skills), and it is no secret by now that many young professionals seek the place they want to call home often before they even have a job. Quality of life obviously means



Source Data: Area Development Magazine
Data Graph: Convergent Nonprofit Solutions

different things to different people, but to the skilled talent demographic, it often means a supportive and inclusive environmental culture including social responsibility; a variety of housing and transportation choices; easy walk, bike, bus commutes to work; flexible work schedules; food, bar, health activities in abundance; multiple career choice opportunities; and authenticity.

Knowing that two of the top three considerations of industry location decisions speak directly to talent, it should be abundantly clear where all communities must focus for longevity. The “gold” of today is vastly different than the gold rush of 1849. As Beth Doughty, a top economic development professional and Executive Director of the Roanoke Regional Partnership often says, “talent is the currency of the 21st century.”

**“Talent is the currency
of the 21st century.”**

- Beth Doughty,
Executive Director,
Roanoke Regional Partnership

Begin with the End in Mind

If a company wants to build and sell a widget of any kind, they reverse engineer the process. For instance, if a neatly packaged product is desired in the fourth quarter of 2017, they work backwards from that date to determine when raw materials must be ordered, when to assemble or refine those materials, and when to package and market those materials. The same is true with workforce development and talent attraction. When will a community be able to market itself as one having the workforce skills to meet the demands of the industries it seeks? Before deconstructing that process, let's take a quick look at why and when workforce development became so challenging.

In the last half of the 20th century it was common for vocational training to be prevalent in high schools. Following on the heels of three wars (WWII, Korea, and Vietnam), students weren't admonished to go to college or face a lifetime of failure, as a high school diploma and an apprentice program were seen as viable, even preferable, in many if not most communities. Military service was an admired alternative. It was a different culture then. In the early 1980s, computers and the internet began to change that narrative while at the same time vocational training

in high schools began to transition to technical colleges and community colleges. New talking points emerged among guidance counselors, parents, and academia that encouraged nearly every student to go to college.

Today, we see that 70 percent of high school students enroll in college. Of those, an astonishing 50 percent drop out before acquiring a degree, having no marketable skills to speak of, and are often saddled with large student loans that must be repaid

immediately. Data suggests that approximately 35 percent of high school students are statistically inclined to begin, complete their coursework, and matriculate. With such historical evidence, why aren't we providing more technically enriching programs for the clear majority of our children, ensuring they find good paying careers which provide stability and self-worth with minimal student load debt? As a society, we are not helping the 65 percent of students who need it the most and are unfairly stigmatizing them in the process.

For American talent to remain competitive we must start earlier and education must be better focused on the realities of work in the 21st century. Identifying what opportunities are trending upwards long-term and what skills will be needed for those jobs would be a great first start. Make vocational/technical training "cool" again and remove the stigma that every child must go to college. Cradle-to-grave education should be a reality, not a slideshow bullet point if America is to succeed. Consider the following five examples that other communities have initiated:

Talent Attraction: Millennials in Transition*

Roanoke Regional Partnership, Roanoke, VA –

This regional EDO has been around for 30 years and has many reasons to boast. In the last five years, they've helped facilitate 6,764 new and retained primary and secondary jobs and announced more than \$501 million in new capital investment. With the success of their recent \$7 million plus capital campaign and the addition of a new talent attraction specialist, they plan to spend substantial time and focus

As a society, we are not helping the 65 percent of students who need it most.

** Denotes
Convergent
managed
capital
campaign*

Funding Insights:

Completed in June 2017, this is the third capital campaign in a row for the partnership. With \$3.6 million pledged from the private sector and a formula based public sector match, the five-year campaign is approaching \$7.5 million for this multi-county, multi-city effort.

permanently on recruiting the thousands of millennials already living within their midst. Within an hour's drive are the post-secondary institutions of Virginia Tech, Liberty University, Radford University, Washington and Lee University, Virginia Military Institute, and an astounding 15 others. This temporarily captured audience is an ideal target for focused recruitment efforts.

Workforce Development: The Greenwood Promise*

Greenwood Partnership Alliance, Greenwood, SC – Several years ago, the Alliance initiated what has now become known as The Greenwood Promise. Focused on workforce development by stabilizing the local workforce and attracting new families, the goal is simple: Provide a free post-secondary education to those living in Greenwood. Eligibility is determined by residence, not academics or need. In order to promote county residence and attract young families to the community, the longer a student resides in Greenwood County, the more financial assistance is available.

Talent Attraction: KYNDLE Warriors*

KYNDLE, Henderson, KY – The Kentucky Network for Development, Leadership, and Engagement (KYNDLE) is a regional Chamber/EDO headquartered in Henderson, KY. Within a few hours' drive are the military installations of Fort Knox, Fort Campbell, Tinker Air Force Base, Camp Atterbury, and Grissom Air Reserve Base. The concept is disarmingly brilliant. As military members are mustering out each year they match this highly skilled, mobile, strong work ethic demographic to local job opportunities. A contract employee visits the base regularly, highlighting local job opportunities and as positions are filled the contractor receives additional compensation for success.

Funding Insights:

As of June 2016, The Greenwood Promise has successfully secured over \$4.5 million via a capital campaign for Phase I of the initiative. Because it's an endowment, businesses don't have to worry about it expiring like tax incentives do, so the benefits are more long-term, an attractive benefit to businesses relocating to or expanding in the county.

Funding Insights:

This is the third consecutive campaign for the joint Chamber/EDO. Fresh on the heels of a merger, the \$3.4 million campaign generated enough revenue over the original five-year goal that a special revolving loan/incentive fund was created for area industry.

Workforce Development: Pathways in Technology (P-Tech)

IBM, City University of New York, and NYC Department of Education, Brooklyn, NY – This public/private partnership is about giving real-time technology skills to high school students. Although IBM shapes the curriculum and graduates are first in line for IBM job openings, the skills are cross-platform for multiple industries. Students graduate high school and earn an Associate's degree simultaneously. The longer school hours and mandatory summer school creates a strong work ethic and shows the power of persistence. Since the first school opened in NYC in 2011, more than 60 P-Tech schools have opened across the country.

Funding Insights:

P-Tech is funded through the local school system and corporate partners that provide the capital for renovation, mentors, industry visits, full-time company liaisons, and speaking engagements. Dozens of private sector businesses are necessary to sustain these schools long-term, longer than the typical five-year capital campaign pledge. Fortunately, the results are also long-term.

Workforce Development: Paid High School Internships

Step-up Achieve, Minneapolis, MN – Created in 2004, Step-up Achieve has created over 8,000 quality internship opportunities and is a proven workforce development initiative that has connected youth ages 16-21 with hundreds of companies with paid internships in 17 industries. These internships offer professional skills training, on-the-job experience, and connections with adult mentors who can help participants achieve their career goals. The program's goal is to diversify the area's workforce and build a strong base of young, skilled workers who can keep the regional economy strong and vibrant.

Funding Insights:

The school system manages the funds pledged by more than 160 companies and takes no administrative fees to do so. Companies pledge for multiple years and can designate funds to a specific school, program, or department. More than \$1 million is available annually for career training and readiness and scholarships, and interns are paid directly by the companies while learning new skills.

As you can see, many communities have waded into the turbulent waters of workforce development and attraction. Although each has their own unique approach, with varying degrees of success and funding needed, the end goal is the same – creating, maintaining, and improving that availability of skilled labor for American industry. After years of well-intentioned but myopic agendas, community leaders in government, education, and business are finally joining forces in earnest to rebuild America's greatest asset.

Author's Note:

Thank you for reading, "The Currency of the 21st Century Economic Developer," part one in my two-part series on *Talent*. Workforce development is a nationwide concern facing all chambers and economic development organizations. It is my hope that this paper, based on my personal experience in the field, will help to provide deeper insight into both the challenges and opportunities inherent in workforce development activities.

- Lawrence McKinney, CEcD, CCE
Convergent Nonprofit Solutions

About the Author



Lawrence McKinney, CEcD, CCE works with Convergent Nonprofit Solutions. He has served as CEO of the Daytona (FL) Regional Chamber of Commerce, Athens

Area (GA) Chamber of Commerce, Partners for Tomorrow (Atlanta, GA), Meriwether County (GA), and Columbia County (GA) Development Authorities over a 30-year career. During that time, he has generated over \$90 million for regional, multi-county, and multi-city economic development organizations.

Reach him at:

LMcKinney@ConvergentNonprofit.com

About the Sponsor

Convergent Nonprofit Solutions is a national fundraising consulting firm that specializes in managing feasibility studies and capital campaigns for chambers, economic development organizations, community colleges, and other nonprofits. Capital campaigns can play a key role in community development efforts, including those related to talent attraction and retention. Thanks to our extensive background in chamber, economic development, and workforce development fundraising throughout the country, we are able to provide your organization with valuable insights and customized solutions as to how a capital campaign can help you reach your goals.

Ready to learn more? Contact us today.

Identifying, Implementing, & Funding Organizational Solutions

Part two of this series outlines the steps chamber and economic development professionals can use to identify, implement, and fund their own unique organizational or community solution for workforce development and talent attraction goals.