

## Sector Partnership-based Employer Engagement: A Framework for Illinois



### “Next Generation” Vision for Illinois:

Illinois has been a pioneer in the field of sector strategies for a decade, and boasts some strong examples of local/regional sector initiatives and partnerships. But other states and regions are fast catching up. Thousands of sector efforts exist across the country, and programs in education, workforce development and economic development are all getting the same call to action from on high: Build stronger partnerships with industry to develop a talent pipeline that drives economic and community prosperity. As a result, across the nation, like in Illinois, community and technical colleges are re-thinking traditional approaches to engaging employers; local workforce boards and organizations are stepping up their game with improved and coordinated business services; and local and regional economic development organizations and business associations, including many Chambers of Commerce, are broadening their scope of influence to include talent and workforce development as core to their mission. There is enormous opportunity in Illinois because of this alignment in vision and strategy. There is also a risk: if regional programs and organizations in each of these systems build partnerships with industry independently of each other, duplication of effort and inefficiencies will increase dramatically.

The IL Department of Commerce and Economic Opportunity (DCEO) and Illinois Community College Board (ICCB) see a new, shared opportunity in the Workforce Innovation and Opportunity Act (WIOA) to use good sector partnership approaches to advance and align education and training inputs and outcomes with industry talent pipeline needs. Sector partnerships are a key component of WIOA. For state-level partners charged with overseeing effective system implementation, it is therefore important to help create consistent and broad take-up of the sector partnership model to better serve the system’s dual customers: employers and jobseekers. WIOA specifically includes requirements for:

- ★ LWIBs to support Sector Partnerships
- ★ Stronger roles for, and integration with, economic development
- ★ Alignment of sector partnerships and educational career pathways
- ★ Measuring outcomes related to employer impact, in addition to jobseeker and worker impact

Illinois has an opportunity to push its own sector partnership potential to the next level, building on its sector history. This Framework offers a vision for building sustainable employer-driven, community-supported sector partnerships in Illinois, with a particular emphasis on the role that economic development organizations play in leading this work, and clarification on how workforce development and education organizations support it.

### What are sector partnerships?

Partnerships of companies, from the same industry and in a shared labor market region, with education, workforce development, economic development, community organizations and other stakeholders that collectively focus on a set of priorities that matter to the health and competitiveness of their industry. Traditionally, sector initiatives exclusively focus on education and training issues. Today's sector partnerships in many places are more expansive. Education and training are always top priorities, but not always *the only* priorities. This is leading to a new wave of "next generation" partnerships defined below.

### What are "Next Generation" sector partnerships?

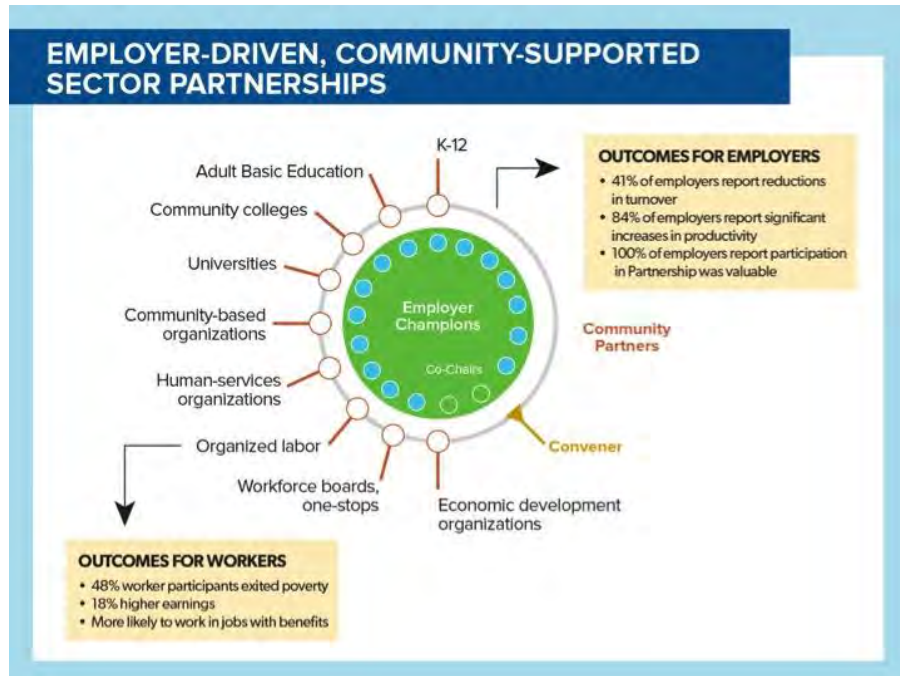
"Next Generation" sector partnerships focus on the multiple economic development issues relevant to a target industry, which always encompass talent needs. These partnerships are:

- ★ Industry-led, driven by a committed group of employer champions
- ★ Community-supported by a diverse range of public program partners
- ★ Convened or facilitated by a credible third-party (or intermediary)
- ★ An organizing vehicle for multiple program partners to respond to industry priorities together
- ★ Local or regional (not top-down or statewide)
- ★ Action-oriented, focused on improving industry sector competitiveness, and not limited to just workforce issues.

Across the diverse economic regions of Illinois, unique sector partnerships should exist in each of the critical, driving sectors of their regional economies. The State should envision a map of multiple manufacturing partnerships, multiple healthcare partnerships, multiple information technology, transportation & logistics, construction or other partnerships. The map of sector partnerships in Illinois should reflect the economically diverse and growing industries that make up its economy.

## Why a Framework for Illinois?

Evidence shows that sector-based training programs have long been one of the more effective ways to positively impact jobseekers and employers by reducing costs and increasing productivity for business while increasing wages and career opportunities for workers. More and more communities across the country are now using the sector partnership approach as a way to also improve community prosperity broadly. How? By asking companies to commit to a partnership that focuses on their top growth opportunities and priorities, including but not limited to workforce talent issues.



## Why Sector Partnerships?

- ★ **Sector partnerships are organizing vehicles for effectively addressing an industry's current and emerging skill gaps.** They offer a mechanism to focus scarce resources on industries that are major job providers in an area, as well as to focus comprehensively on the workforce skills, from entry level to advanced, required in a regional economy.
- ★ **Today's sector partnerships should also be the organizing vehicle for addressing other industry priorities too.** Often workforce or talent pipeline issues are handled by one organization under the guidance of an employer advisory committee, while supply chain issues are handled by a separate organization convening a separate group of employers, and marketing/branding issues handled by yet a different organization. Sometimes the same employers are being asked to participate in all three, or more, efforts. Good sector partnerships offer a mechanism for aligning these efforts for a shared, target industry.
- ★ **Sector partnerships provide a means for industry in a shared labor market region to engage directly with key programs and support organizations.** Businesses operate in economic regions that cross city, county, and state lines, as well as workforce, education and economic development areas. Sector partnerships act across these boundaries so that companies don't have to navigate multiple and complex services across many different jurisdictions. They also act as the single table at which businesses can engage these multiple programs and organizations.
- ★ **Sector partnerships better align state programs and resource serving employer and workers.** Sector strategies help to reduce inefficiencies and streamline efforts by coordinating various programs and braiding disparate funding streams intended for similar purposes. Sector partnerships are the forum for companies in the target industry to give voice to their shared priorities and needs, thus providing the common framework and context for community support partners to work better together to serve those needs.

*How is a Sector Partnership Approach Different from Traditional Employer Engagement?*

A sector partnership is more responsive to industry demand than traditional job matching and training services because of a few key differences in approach. **Consider:**

Traditional Business Engagement	Results	Sector Partnerships	Results
Is Program-Based	Available programs drive services which may or may not meet business needs	Are Based on Industry Priorities	Business needs drive development of solutions which programming supports
Addresses Needs Independently	Individual agencies provide services through their programs that may or may not align with or leverage resources available from other partners	Address Needs Interdependently	Workforce system and other partners collaborate to use their individual programs and resources to create solutions that meet industry and job seeker needs and are right-sized for regional demand (ex. Career Pathways)
Works to Understand Individual Needs of Businesses	Individual business needs are met as staffing and programming resources are available	Works to Understand Collective Needs of Business	Companies in a like industry benefit from solutions that address their shared needs, resulting in the right industry-driven solutions at the right scale and right time.

*What are the Principles of Effective Sector Partnerships?*

This section offers a few sets of important principles from different perspectives: a set of principles promoted by the U.S. DOL Employment and Training Administration; an economic development and employer perspective, specifically from the U.S. Chamber of Commerce; and a set of “What Works Well (And Not So Well)” principles that more recent “next generation” sector partnerships are adopting that represents a hybrid of traditional “workforce only” sector efforts with integrated workforce/economic development efforts.

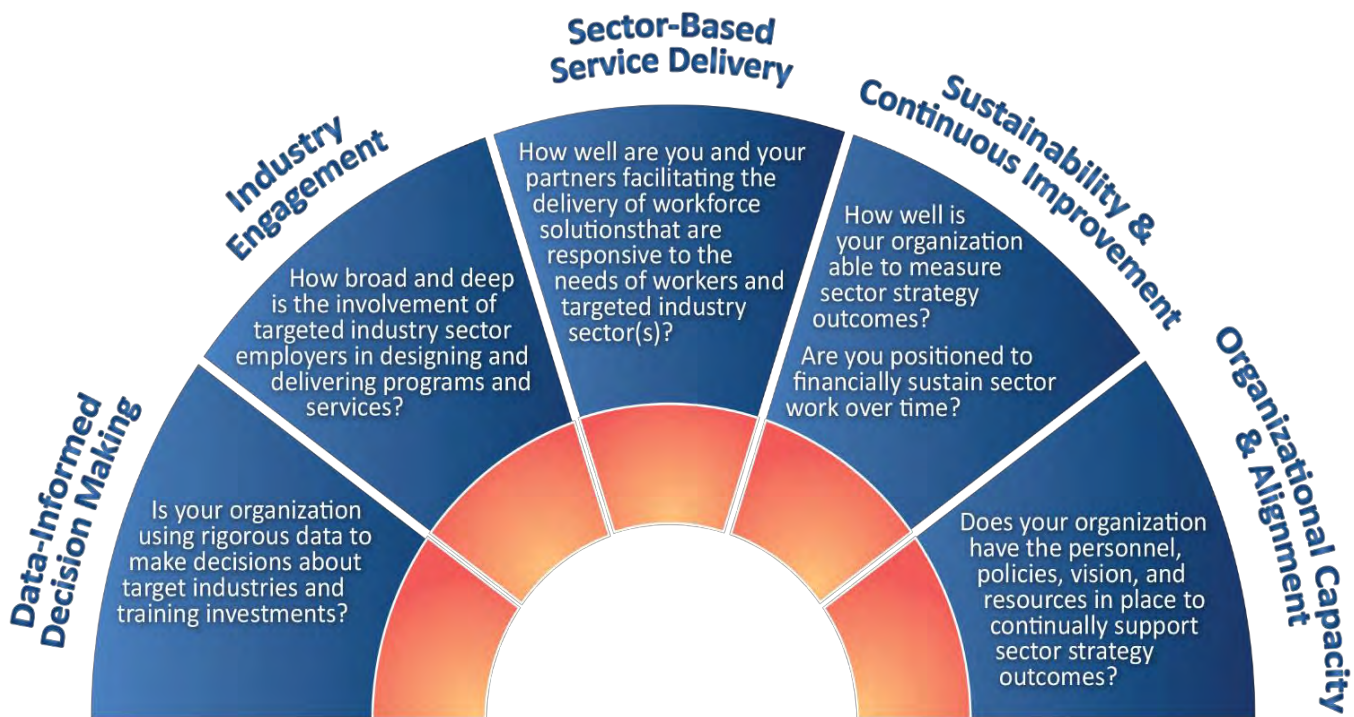
*U.S. DOL's Perspective on Effective Sector Partnerships*

Recent materials and technical assistance tools developed out of the U.S DOL Employment and Training Administration emphasize the following common principles of successful sector partnerships:

Serve the dual purpose of aligning education, training, and support services to the needs of employers in an industry sector, while ensuring that those services are accessible to a range of workers

- ★ Require a strong intermediary organization that sustains energy, coordinates dialogue, and brokers relationships among service providers and employers in carrying out the partnership’s agenda
- ★ Are employer-driven, wherein employers recognize their self-interest in, need for, and the potential of the partnership
- ★ Promote systemic change that benefits workers of all wage and skill levels, the industry, and the community at large
- ★ Include the workforce system as a central player in any number of roles, such as the neutral intermediary body, the manager of operations and funding, and/or the source of labor market information

The USDOL/ETA further defines five key capabilities of successful sectors-focused organizations in the graphic below. Those capabilities include: data-informed decision-making, industry engagement, sector-based service delivery, sustainability and continuous improvement and organizational capacity and alignment:



*U.S. Chamber Perspectives on Employer-Driven Workforce Strategies*

The U.S. Chamber of Commerce identifies three additional principles as the basis of a demand-driven education and training system. These principles provide the framework for an education and workforce paradigm that Chambers often call “talent pipeline management”:

- 1 | **Employers Drive Value Creation:** Employers play a new leadership role as the end customer in closing the skills gap for those jobs most critical to their competitiveness.
- 2 | **Employers Organize and Manage Scalable Network Partnerships:** Employers organize and manage flexible and responsive talent pipelines in partnership with their preferred education and workforce providers.
- 3 | **Employer Measures and Incentives Drive Performance:** Employers work collaboratively with their partners to develop measures and incentives designed to reinforce and improve performance across all partners.

For Chambers and economic development organizations it is critical to support target industries broadly, including addressing economic growth priorities that may vary widely. They may focus on supply chain mapping just as much as they focus on industry marketing and new company recruitment; and they are increasingly focusing on skilled workforce issues. Just as employers must adapt to changing conditions in the business environment, so too must education and workforce providers. This begins with those providers recognizing employers as the end-customer and the key to value creation for the students and workers pursuing career objectives and upward economic mobility. With employers seen as the end-customer, education, workforce and economic development providers can be proactive in developing highly effective employer partnerships. This starts by developing talent solutions for employer partners that address their competency and credentialing requirements for critical jobs and that meet performance requirements for cost, quality, and time. It also requires maximizing their flexibility and responsiveness by unbundling the education and training experience and adopting accelerated and work-based approaches—or “earn and learn” career pathways. This includes removing unnecessary administrative and program barriers (e.g., degree requirements) and focusing more attention on core competency and credentialing requirements as well as work-based learning experiences that reduce on-boarding costs and time-to-full productivity.

*Perspectives on “Next Generation” Sector Partnerships*

The term “Next Generation sector partnerships” is borrowed from an emerging model of sector partnerships in states like Colorado, Arizona, Oregon and others that deliberately expand the definition of sector work to be broad-based and broadly focused on economic development issues, including but not limited to workforce and education needs. To be clear, workforce issues are always a top priority when multiple companies from the same industry come together to discuss issues. But “next generation” sector partnerships purposely allow and encourage other issues too, like supply chain management, transportation efficiencies, costs of doing business, or marketing and branding. They also more pro-actively engage in long-term career pathway building and talent pipeline management (not just short term training responses).

Why this approach? Because regions using this approach see positive implications in breadth and depth of authentic engagement between: employers; community, economic and workforce development; and education and training providers. As a result of broadening the conversation, employers may feel they have more issues to engage around; more opportunities to engage directly; and higher likelihoods that real action and outcomes may come from their engagement as a result. In short, by expanding the conversation and priority action areas, these partnerships tend to be more sustainable. Key principles of “next generation” sector partnerships can be summarized by the below figure:

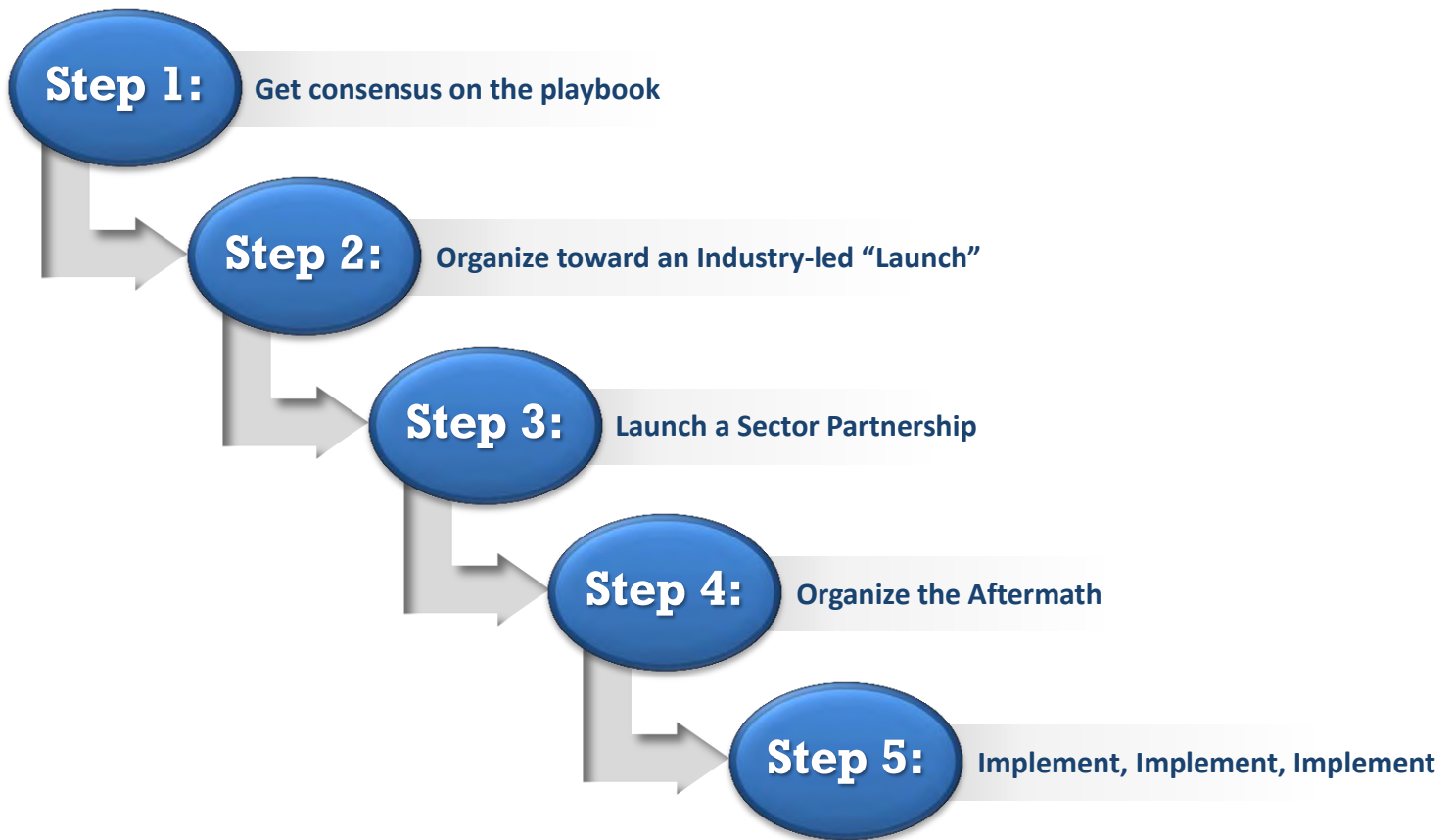


### What is the Sector Partnership “Playbook”?

Every sector partnership is different. The make-up of membership, the areas of focus, the outcomes vary depending on the target industry and depending on the geographic region. But there are definitely “playbooks” throughout the field that build on the principles summarized in the previous section.

The vision and playbook for the next generation of sector partnerships in Illinois establishes a significantly stronger role for economic development organizations compared to historical or traditional roles. This includes inviting them to play a lead convening or coordinating role for sector partnerships in their regions. This assumes strong and clear coordination with their education and workforce development partners, who are already engaging target industries in numerous ways. The vision for Illinois is for regions to limit independent engagement with industry, and to instead strongly coordinate this activity under the umbrella of unique, targeted regional sector partnerships.

Below is a Playbook for planning, launching and organizing “next generation” partnerships at the local or regional level in Illinois. It does not include all the nuances, variations, and specific tips and tools that are currently emerging (on a daily basis) from next generation partnerships across the country, but it does outline a common set of steps and processes. These steps address two critical pieces to good sector partnership efforts: 1) Organizing and coordinating the supply side; and 2) Engaging and empowering the demand side. For everyone attending the 2015 regional sector trainings (Effingham, Palos Hills, Chicago) in May, sponsored by DCEO, the below steps will be discussed in further depth.



*Pre-Industry Engagement: Organizing the Supply Side*

The “supply side” includes all community support partners needed to successfully and comprehensively respond to an industry’s needs. This means any organization who is *not* an employer, including economic development organizations, workforce boards and job centers, education, community based organizations, human service programs, organized labor, and other stakeholders.



## Step 1: Get consensus on the playbook

### Consider:

When was the last time a “team” of regional community support partners came together to discuss critical industries in your region? Get together and discuss:

- ★ Similarities and differences between economic development, workforce development, and education on key, target industries;
- ★ Existing initiatives targeting or related to these industries currently *independently* driven out of economic development, workforce development, education or other organizations;
- ★ Agreement across economic development, workforce development, education on which industries warrant your collective, coordinated action in the form of a sector partnership;
- ★ Readiness of companies in target industries to come together in a full sector partnership;
- ★ Existing business associations already convening these companies;
- ★ A shared plan to convene companies or expand on an existing network.

## Step 2: Organize toward an Industry-led “Launch”

### Consider:

- ★ Which economic development and/or business organization is best positioned to take the lead role in convening? If not an EDO or business organization, who else?
- ★ Have we convened a core group of companies (between 2 and 5) to explore the overall readiness of this industry in this region to self-organize in a sector partnership? Will this core group of companies play a leadership role (chairpersons), extend invites to peers/competitors, and organize with our support?
- ★ What is the role of the lead convener vs. support partners in planning and facilitating a “launch” meeting of a sector partnership? Do we all agree we are “listeners” in this process, i.e. that industry’s voice is the focus?
- ★ How do we make sure the “launch” is industry owned and driven, even if facilitated and supported by a support organization? Discuss:
  - Who are the movers and shakers, the “civic entrepreneurs”, the leaders within companies in our target industry?
  - Who knows them? Who can extend an invite? Are our chairpersons taking a lead role in extending invites?
  - Do we have a date, location and shared understanding of the agenda?

*Industry Engagement: Empowering the Demand Side*

The “demand side” includes members of industry. “Next Generation” sector partnerships are real partnerships of leaders in companies that actually meet together to discuss and act on shared growth opportunities, needed actions, and commitments to implementing actual shared solutions and activities.

*What’s the Goal?*

- ★ **Industry Leadership** in developing the agenda, the priorities and the strategies for action.
- ★ **Industry Partnership** demonstrated in a willingness to collaborate together (company-to-company), and with support partners.
- ★ **Industry Commitment** in implementing action areas, including time, in-kind and financial commitments as required to realize goals and outcomes.

**Step 3: Launch a Sector Partnership****Consider:**

- ★ Is the actual “launch” or first meeting being hosted at an industry location? Is the welcome and introduction being handled by a member of industry (not a support organization), at least one of the emerging partnership’s chairpersons?
- ★ Is it clear that non-employer individuals in the room are there to facilitate and act as an ongoing support in coordination of potential action areas that come out of this meeting?
- ★ An agenda that directly hits on these 3 questions (in 90 minutes or less):
  - What are the big opportunities for growth in our companies right now? What’s going on in our industry, in this region in particular?
  - What do we need to compete? What is required to ensure our companies stays competitive?
  - What are we going to do together? How are we going to hang together and organize for real outcomes?
- ★ Closing (led by chairperson) with next steps that establish expectations for ongoing industry leadership to guide a strategy going forward, and ongoing industry commitments to actual implementation of priority action areas.

## Step 4: Organize the Aftermath

### Consider:

- ★ Smaller conversations and action teams of industry partners;
- ★ Ways to facilitate identification of early wins, mid-term and longer term strategies within each key action area;
- ★ Expanding the circle of engaged industry members (hint: use industry for this)

## Step 5: Implement, Implement, Implement

### Consider:

- ★ Industry must stay in the driver's seat, but identify ways that community support partners can be *brought along* in order to appropriately contribute and support solutions and activities as they emerge.
- ★ The discipline of action plans and organizational structures (task forces or subcommittees, chaired by industry members) to stay on track.

## The Role of the State

Sector partnerships must be local and regional, not statewide, not state-driven, and not state convened. But State leadership in DCEO and the ICCB know that the State can play a role in helping to create the conditions for more, and stronger, sector partnership activity. This Framework, and the associated regional trainings (May 19, 20, 21 of 2015), is an example of technical assistance and capacity building offered by the State intended to catalyze regional sector efforts to the next level of success and impact. The State will need to do more. States with the best track records for sector partnerships tackle a comprehensive agenda. The below areas for action are the most common ways States choose to support the development of regional sector partnerships.

### Ten Choices for Action by State Leadership

- 1 | **Shared vision and goals** – State leadership plays a key role in creating a shared vision of sector strategies that focus on serving and positively impacting Illinois' economy and workers/jobseekers
- 2 | **Training and capacity building** – This is technical assistance. The State plays a significant role in providing training and support to local area stakeholders to develop, launch and expand their sector partnerships.
- 3 | **Sharing Promising Practices** – State level leaders can help identify and share out examples of success. This should constantly inform performance metrics and high performance partnership guidelines/criteria.

- 4 | **Industry data and analysis tools** – The State can play a strong role in culling through multiple sources and layers of data, and organizing data into use-able tools for local areas to make informed decisions about target industries. Ideally, these tools are designed for use by multiple regional stakeholders (a “team”) so that they reach joint decisions about critical industries in their regions together.
- 5 | **Performance metrics tools** – Creating a common dashboard of success indicators, a set of criteria for “high performing partnerships”, and associated tools creates consistency across sector partnerships; guides the development of partnerships; and can provide the State with aggregate common Return on Investment metrics.
- 6 | **Communication and Awareness** – “Building the buzz” about the value of sector partnerships, and actively recruiting champions from public systems and the private sector doesn’t just happen at the local partnership level. State leadership can help by communicating the value of the sector partnership approach to industry associations, agency leaders, and individual private sector members.
- 7 | **Administrative Policy** – On an ongoing basis, state agencies need to assess if there are policy barriers that are hindering the establishment and progress of sector partnerships, or if there are ways to create policies that will better support partnership development. Sometimes these changes are easy to make administratively, yet yield a surprisingly big impact.
- 8 | **Legislative Policy** – This includes funding for sector partnerships, but can also include codifying sector partnerships as the vehicle for cross-system collaboration and employer engagement, particularly related to building career pathways, apprenticeships or other major initiatives that require employer engagement.
- 9 | **Funding and Investments** – The State plays a vital role in mapping out funding sources, re-purposing funding streams, and finding new funding for the establishment and expansion of sector partnerships.
- 10 | **State-Regional Communication** – Creating the feedback loop between local areas and state systems about lessons learned, insights about industry and worker needs, and needed changes going forward in policies and investments is the role of the State. This can happen through formal and informal communication mechanisms.

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