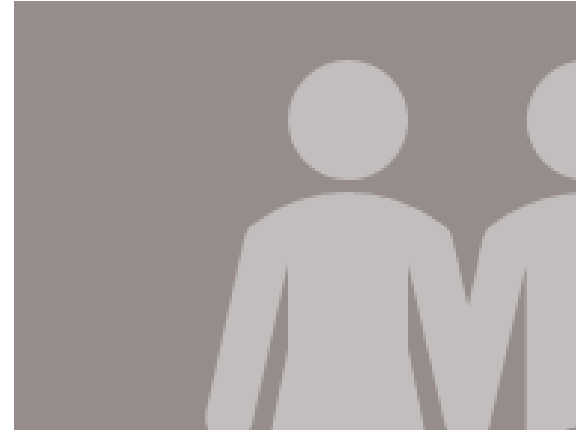


How Progressive Companies Create Long-Term Value and Competitive Advantage

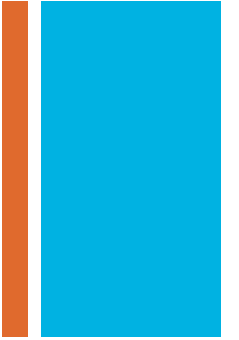


Through Their
Talent Development Strategy

How can I have a talent development strategy
when I can't find the talent?

Topics Covered

1. Why employers can't fill their open positions
2. Who's available
3. How to create a talent development strategy – *and integrate into business strategy*
 - a) Job design
 - b) Sources of talent
 - c) Operations
 - d) Benchmarking
4. What this means for your business and your community
5. Call to Action
6. How to use this information



1

Why employers can't fill their open positions

Why You Can't Fill Your Open Positions



■ Skills Gap

- YES, 90% of jobs require some education or training after high school, but only 50% of us have that

■ Awareness and Parental Influence

- YES, parents are biased against some sectors or non-bachelor degree programs

Why You Can't Fill Your Open Positions

There are barriers to overcome

- Transportation to school and/or work
 - Transit study/regional indicators report – only 59% of regional jobs are reachable by public transit
- Access to affordable, quality child care that meshes with job and/or school schedules
 - Quality child care is more expensive than college tuition
 - Home based care vs. center based care is preferred for evenings/overnights i.e. 2nd and 3rd shift
- Intimate Partner Violence
 - On average, 30% (some sites 50%+) of job seekers (81% female/19% male) have some experience with intimate partner intimidation or violence
 - 177 children in the homes of those reporting issues



Why You Can't Fill Your Open Positions



They can't afford to go back to school
...or to take that job.

Understanding “Self Sufficiency”

2018 Federal Poverty Level Guidelines				
Family Size	100% Annual	200% Annual	200% Monthly	200% Hourly (2080 hrs/yr)
1	\$12,140	\$ 24,280	\$2,023	\$11.67
2	\$16,460	\$ 32,920	\$2,743	\$15.83
3	\$20,780	\$ 41,560	\$3,463	\$19.98
4	\$25,100	\$ 50,200	\$4,183	\$24.13

- 200% of FPL covers just the basics – food, rent, utilities. Nothing is left over for saving for college, or car repairs, or medical emergencies
- In Cincinnati:
 - 52% of all families with children under 18, married or not, have a single wage-earner
 - 72% of all jobs in the region (78% of manufacturing jobs) pay less than \$50,000/year.

Expense Breakdown - Hamilton County, Ohio

2 adults (1 working), 2 children

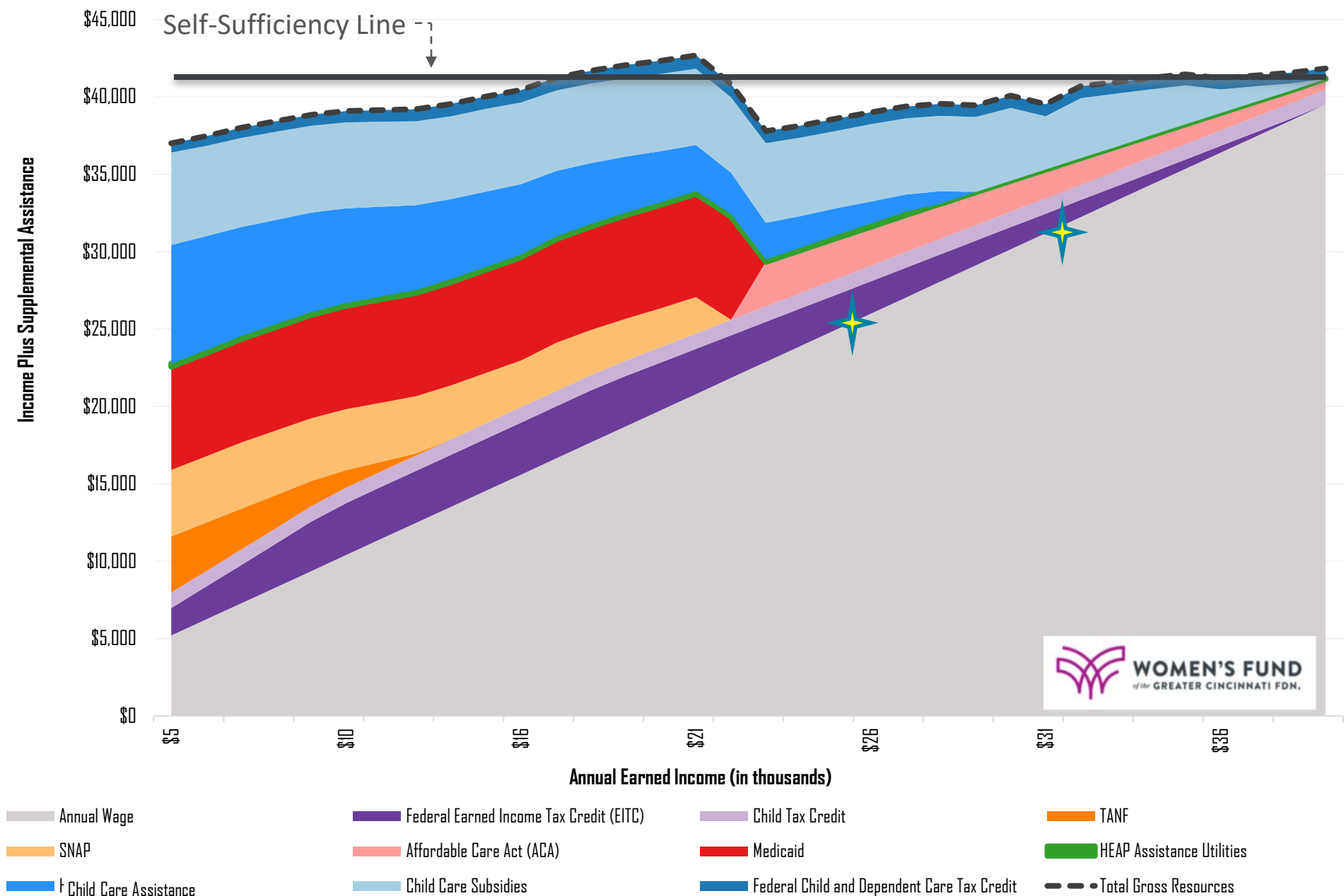
Expense	Annual Cost
Food	\$8,975
Child Care	\$0 *
Medical	\$5,723
Housing	\$9,672 **
Transportation	\$10,868
Other/School fees/misc.	\$6,563
Taxes	\$6,765
Required Annual Income Before Taxes	\$48,567

* If child care is needed, it can cost over \$10,000/year for 2 children

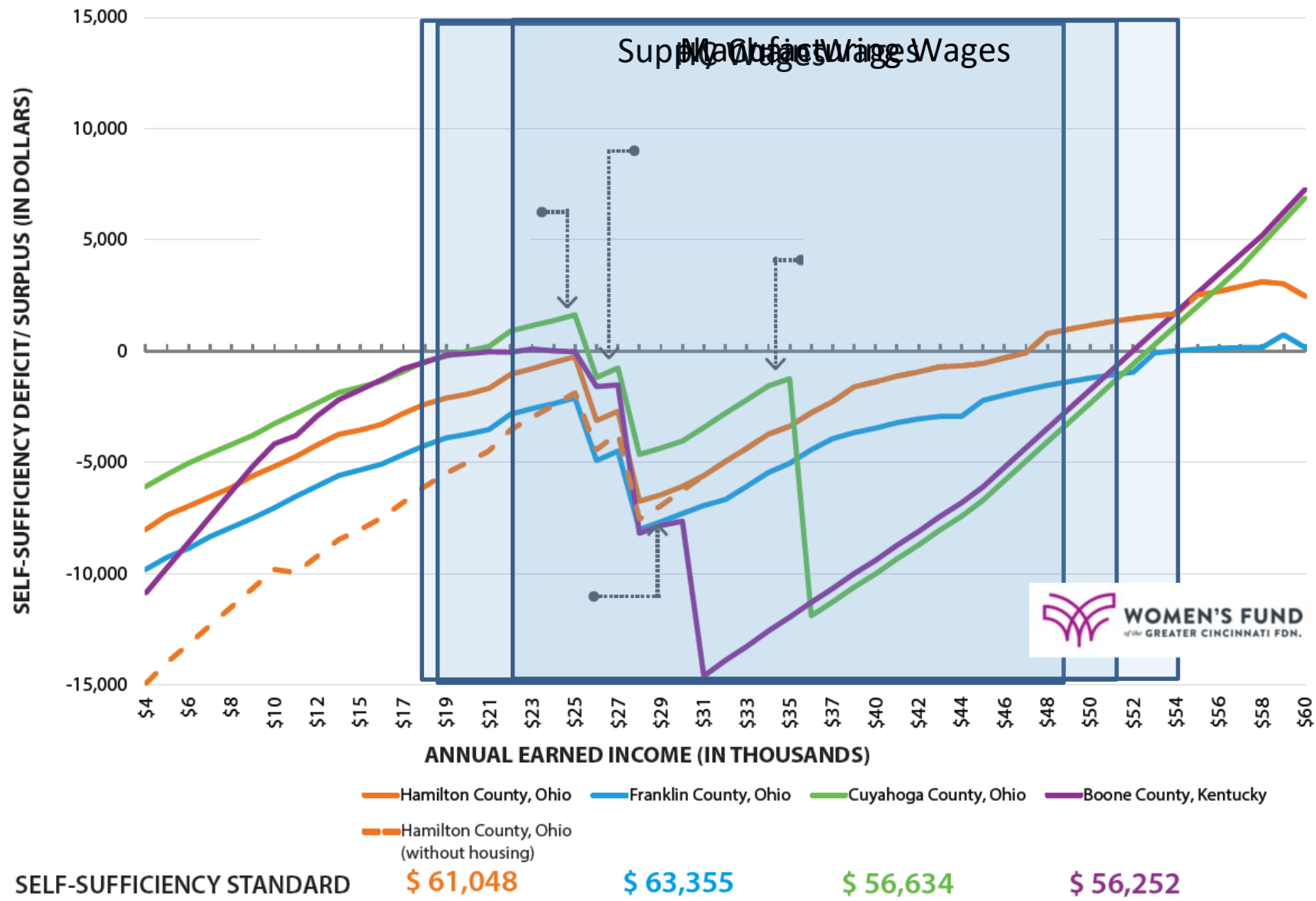
** Median rent costs have increased 46% since 2000 but wages have only increased 19% in same time frame

Source: MIT Living Wage Calculator

1 Adult + 1 Preschooler, Hamilton County



Single Mother + Preschooler + Infant



So, are you telling me that raising wages is the only answer?

No, but it is a consideration when you think about the existing talent pool

2

Who's Available?

If Cincinnati's 20-65 Year-Olds Were 100 People...

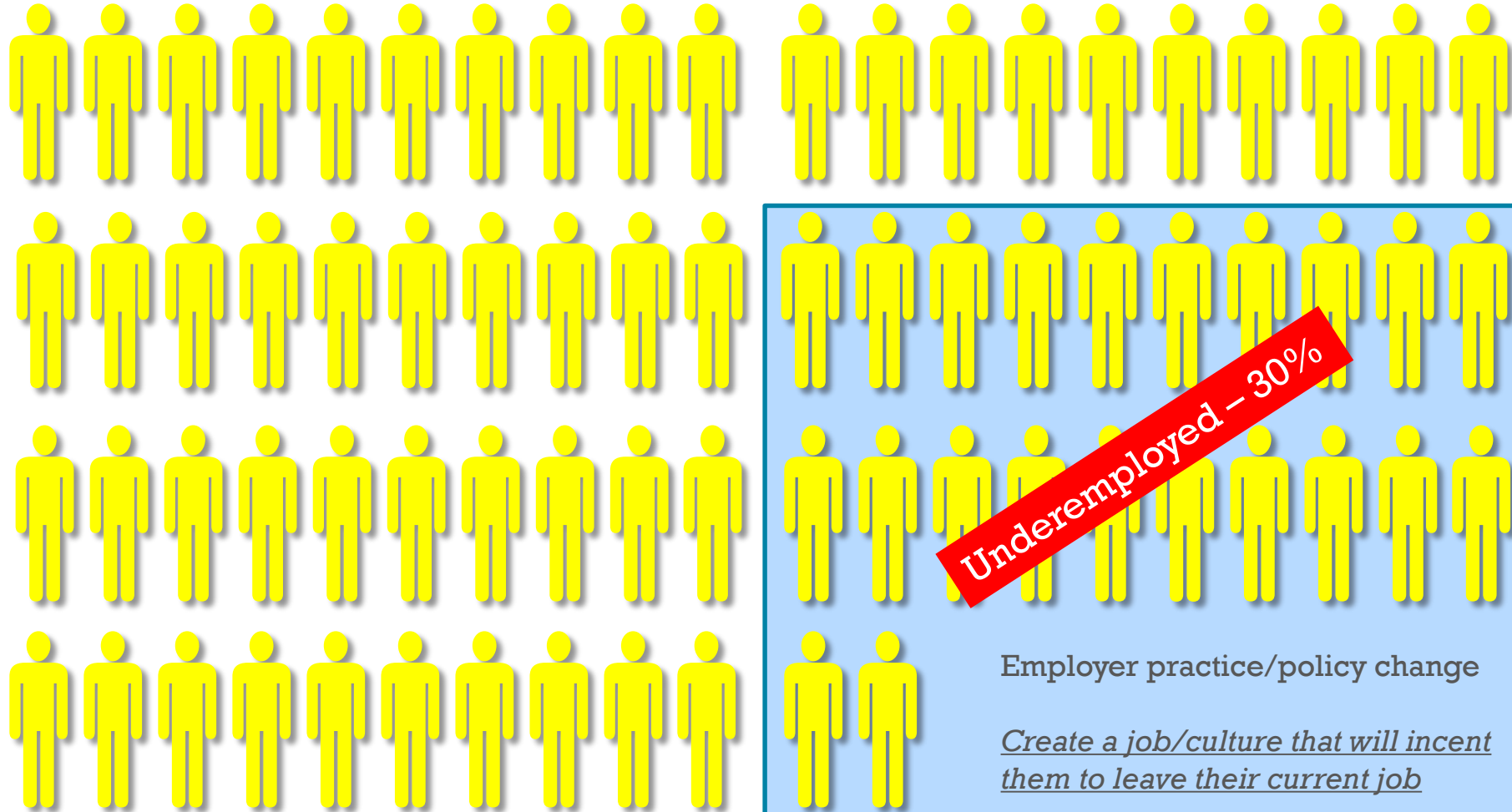


So What Does This Mean?



- Focus on unemployed men with a HS diploma and clean background is too limiting
- Adding in HS students does not add much more to the already limited pool
- *We need to be fishing in better stocked ponds, i.e.*
 - currently employed/underemployed
 - expanded use of programs serving those with many barriers (criminal records, disabilities, etc.)

72 would be employed



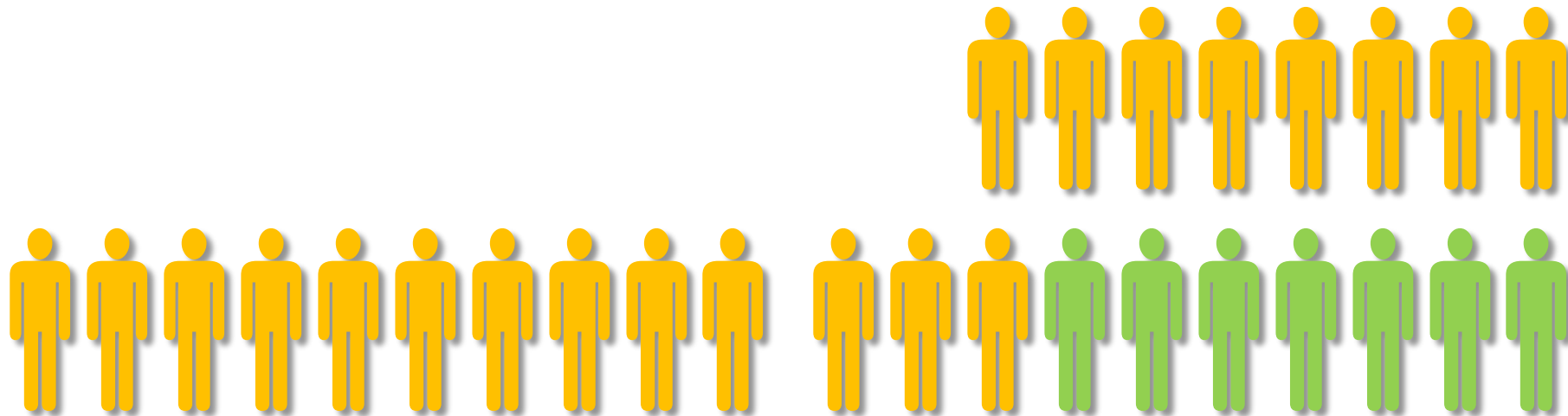
There are 10x more people who are underemployed than there are unemployed or are coming out of high school.

versus



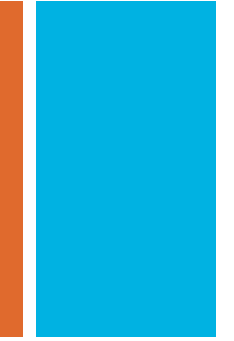
Programs serving women, returning citizens, people with disabilities, etc. e.g. create a job/culture that will incent and support their transition into the workforce

Of those not employed, 21 of them would not be looking for work

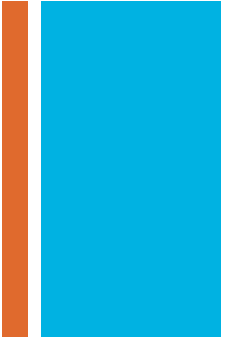


Simply Put...

Solving the talent issue begins and ends with **you**, the employer.



Looking at the Wrong Problem



Focusing on the skills gap is solving *yesterday's* problem.

Today's problem is that people have *choices* and you are selling a product that people don't want to buy: your jobs.

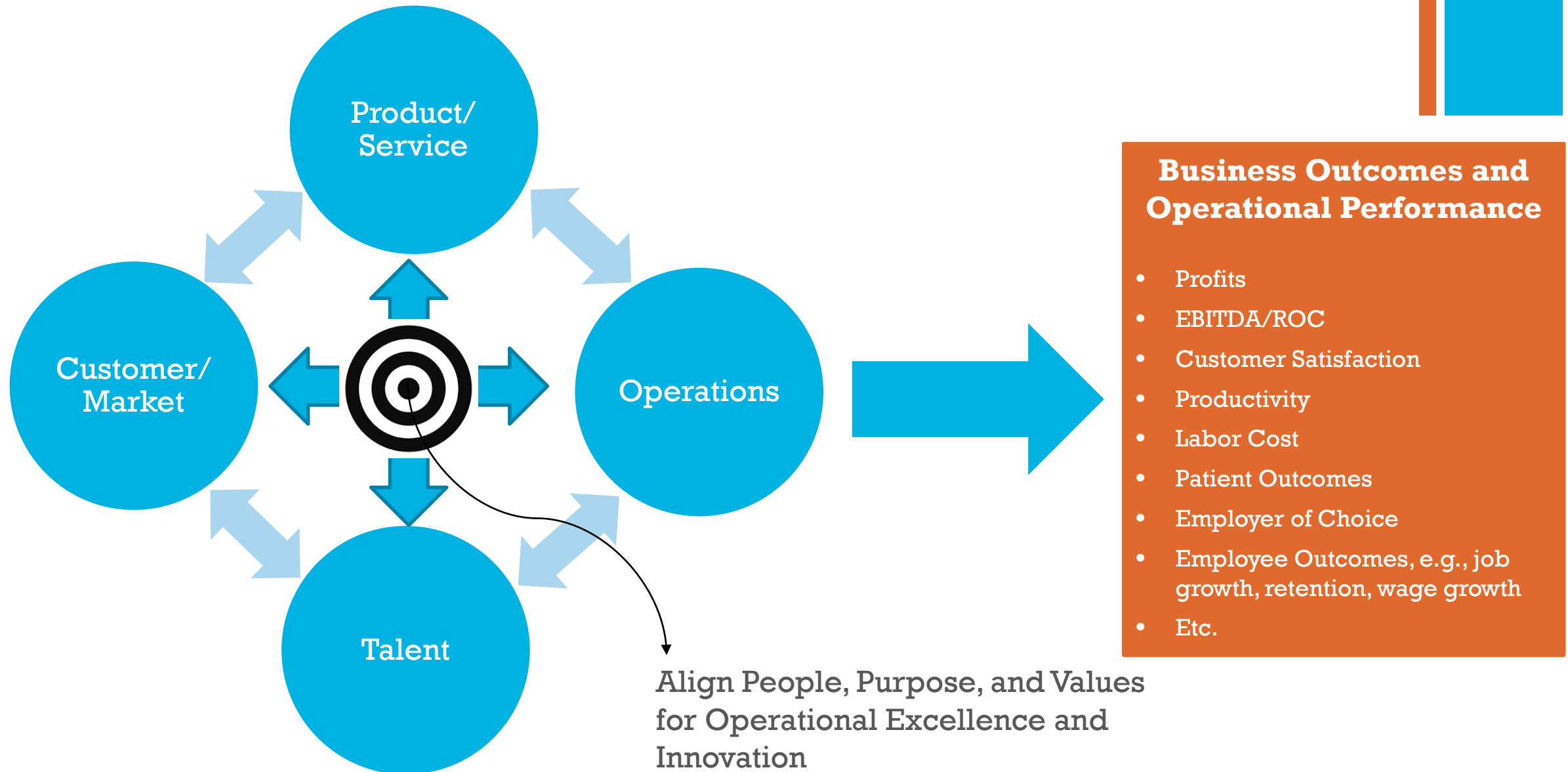
Okay, okay. So what do I need to do?

Think about how you can create long term value
– for your business, your employees, and your
community – ***as a business strategy, not an
initiative.***

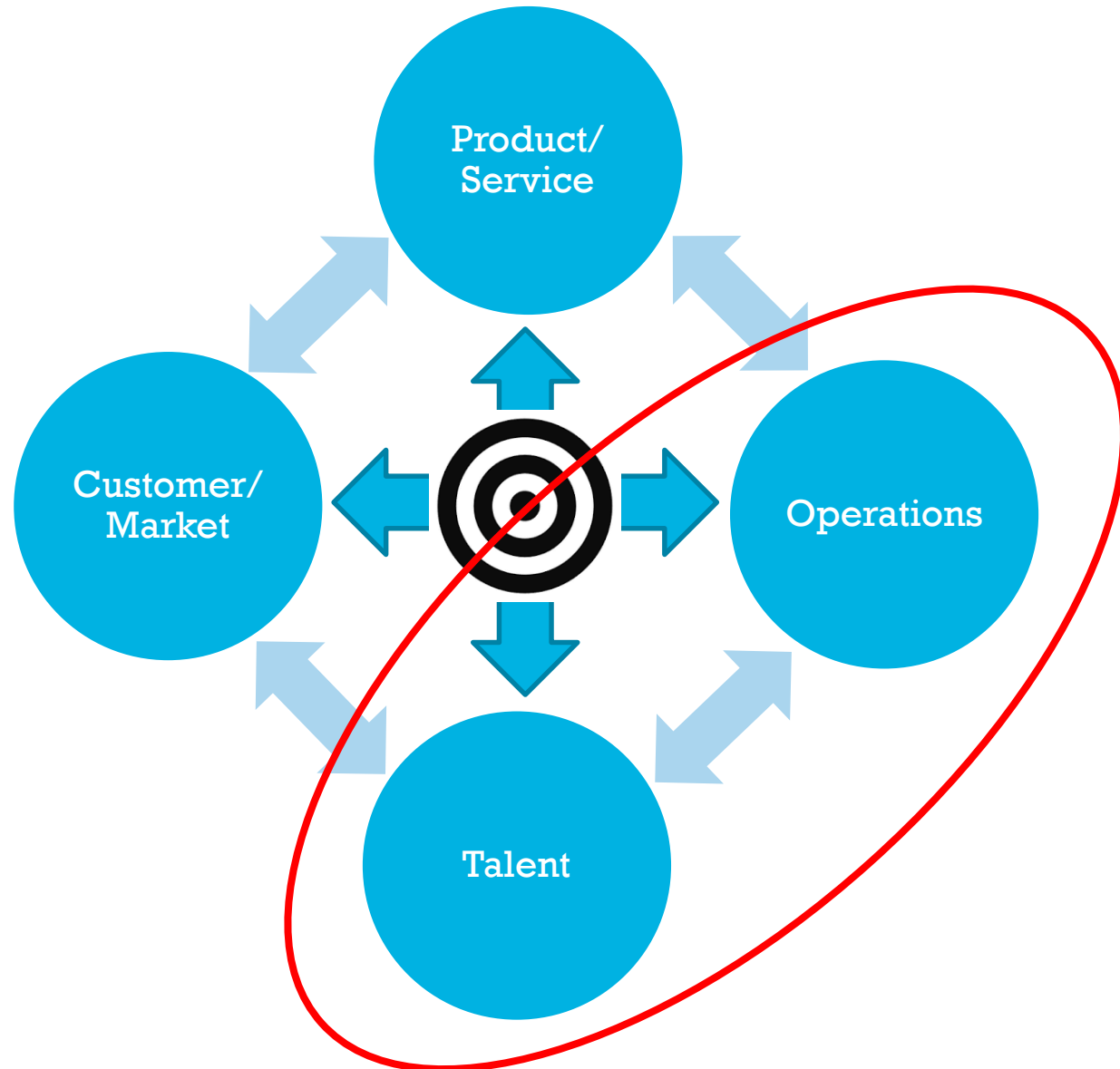
3

Create a Talent Development Strategy that is
integrated into business strategy

Long-Term Value Creation - Competitive Advantage

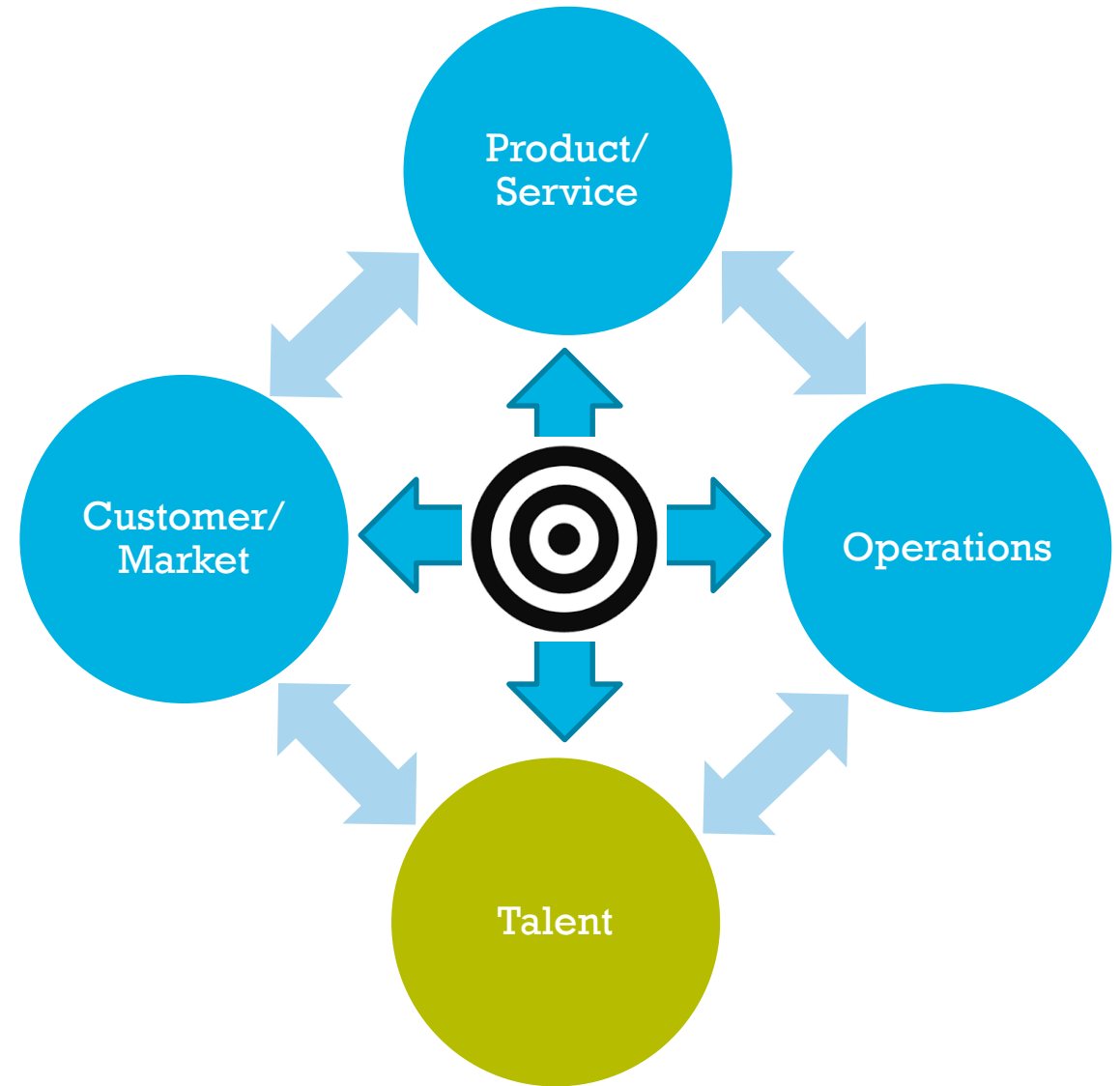


Intersection of Talent and Operations



- Sources of Talent
 - Incoming - Talent Marketplace
- Job Design
 - Build with employee insights and input
- Redesign Core Operations
 - Co-design with front line workers
- Benchmark and Contracting
 - Your performance (and your suppliers) vs. national average

Sources of Talent



Incoming Talent Marketplace Approach

– Competitive Advantage

New Client/Product/Market

- Segmentation analysis
 - What are their needs?
Pain points?
- Value proposition and points of differentiation vs. competition
- Value/service after the sale

Talent Marketplace

- Underemployed, women, ex-offenders
 - What are their needs? Childcare? Transportation? Training?
- How you can solve their needs – and *better than* other employers
 - Shuttles, paid training, etc.
- Career ladders to higher skills and pay, workforce coach, job design, etc.

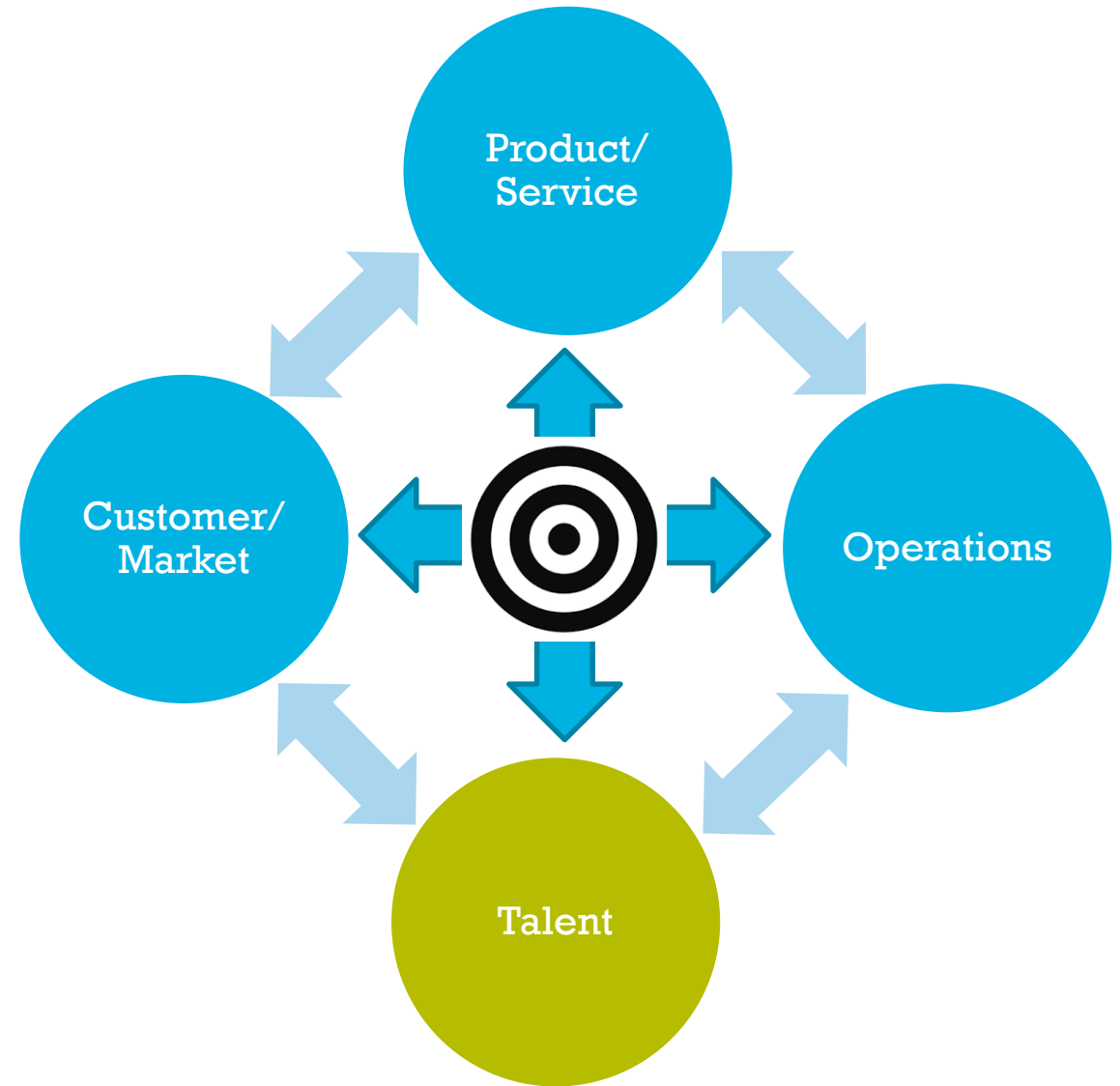
Value Proposition

Cleveland research results

- Factors that contribute to improving employee retention (in descending order of importance):
 - Benefit package (healthy workers=less absenteeism, higher productivity)
 - *Improvement* in wages
 - *Level* of wages
 - Respect/support/inclusion
 - Job designs that require literacy and numeracy skills
 - Improvements in non-compensation factors, e.g., commute times, work hours, scheduling practices

The key was creating a sense of advancement and upward mobility – BUT – employees need to define what that means to them.

Job Design



National Fund Job Design Framework



Foundational

Compensation

Wages & benefits

Financial incentives

Employee loans

Fundamentals

Safety

Fairness

Respect

Job security

Grievance procedure

Structure

Open communication

Stable hours & scheduling



Support

Training

Entry-level

Specialized

Internal Assistance

Supervisory training

Job coaching

Peer mentors

Team development

Financial counseling

External Linkages

Tax credits

Childcare

Transportation



Opportunity

Career Development

Cross training

Advancement

Educational benefits

Acknowledgment

Internal & external recognition

Leveling of perks

Engagement

Participation/Self-management

Representation

Pride

Ownership

Universal Woods – Louisville, Kentucky



- By investing in their operations and talent systems, in the last four years their business has
 - Grown 20%
 - Doubled their workforce
 - Retained 95% of their customers
 - Established market leadership in two major markets

What Investments Did Universal Woods Make?



■ Foundational

- Above-market compensation



■ Support

- Emergency loan program

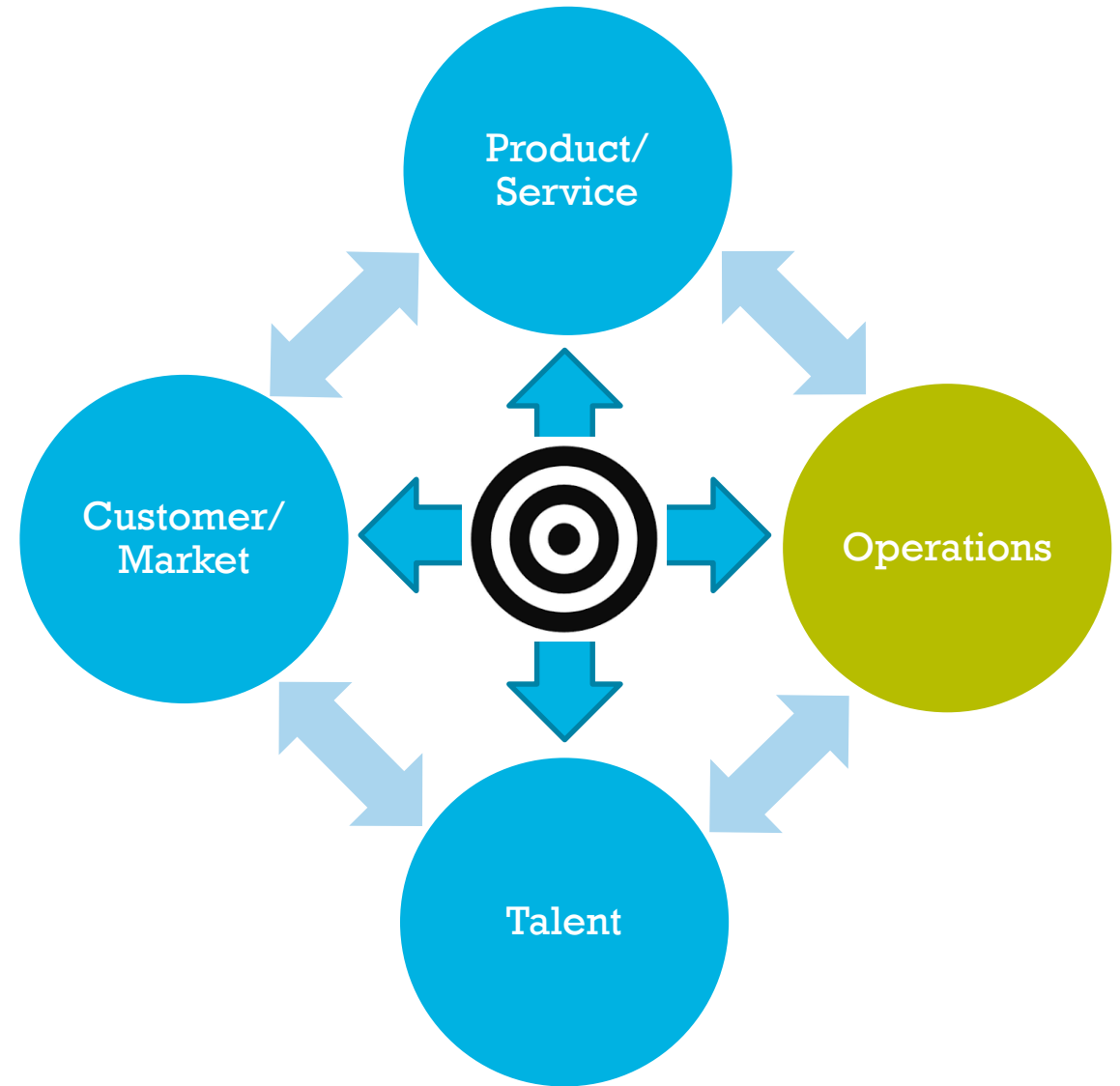


■ Opportunity

- “Team Managed Teams” – former supervisors are now coaches

See case study at nationalfund.org for more information.

Core Operations



Core Operations

- 80% of an organization's potential is in frontline employees
 - Ideas generated from the front line -- direct from the front office
 - Must have strategy, culture and management systems to support
 - *The Idea Driven Organization* by Alan Robinson
- 4 Evidence-Based strategies for Operational Excellence
 - Focus and Simplify
 - Standardize and Empower
 - Cross Train
 - Operate with Slack
 - *Good Jobs Strategy* by Zeynep Ton

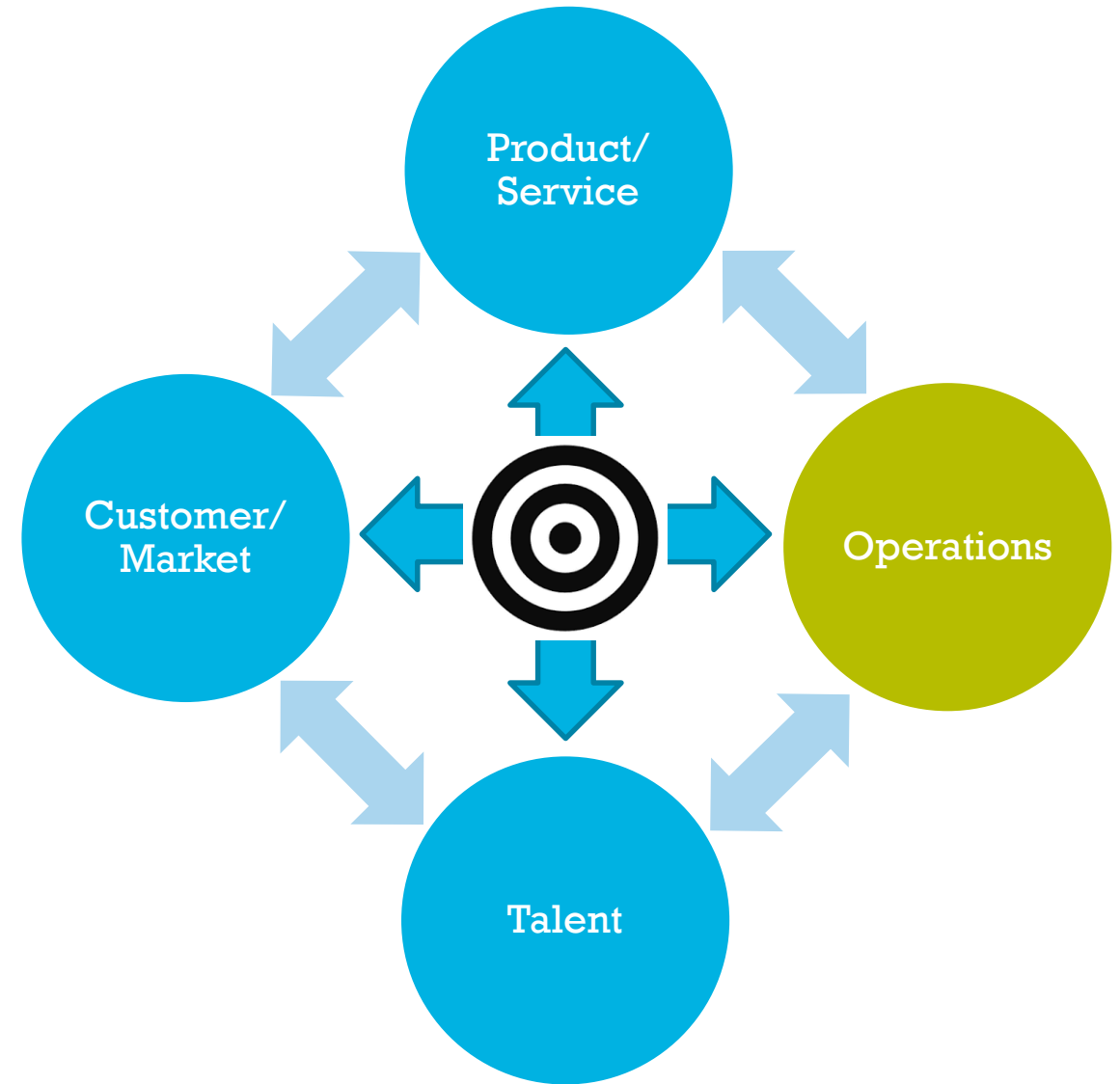
Front line workers are key to generating, implementing, and evaluating ideas needed to grow the business.

Motivation = Capability + Opportunity

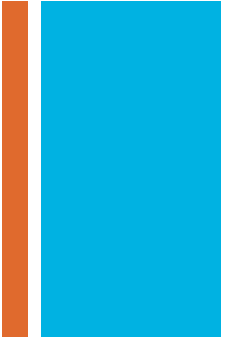
Okay, say I do all of this...

how will I know if it makes a difference?

Benchmarking and Contracting



Benchmark for Competitive Advantage



- What if you could objectively benchmark your business' human capital practices vs. a national average for your industry?
- How could you use it to improve?
- How could you use it to differentiate your business and ***build competitive advantage?***
- How could you use it to be a better supplier and/or contract with better suppliers, esp. if you are an anchor institution/BigCo?

Good Companies Good Jobs Tool



Data Requested

1. Employee Wage Data
 - Quarterly Employee Wages
 - Quarters – 3 years apart
2. Benefits Plan Questions
 - Health Insurance
 - Retirement
 - Annual Paid Leave
3. Diversity Data (Optional)
 - Gender
 - Ethnicity/Race

Outputs

1. Wage Data Shows:
 - Retention, wage & job growth
 - Compared to industry avg.
2. Benefits Data Shows:
 - Access to types of benefits
 - Relative quality of plans
 - Compared to industry avg.
3. Diversity Data Shows:
 - Size of various cohorts
 - People performance stats for each cohort

Source:

Scorecard Results

Social Impact Scorecard

Your score is based on frontline workers earning less than \$60k / year compared to industry standards. The mission of the program is to encourage and equip business leaders to enact strategies that simultaneously produce outstanding outcomes for their businesses and frontline workers.

Cogswell Cogs Q4 2017 

Your overall score is average for Manufacturing!



3.5



8%



55%



8%



73%

 Manufacturing Industry Averages

Benefits Credit	Qualifying Plan	Quality Standard
Health Insurance	✓	✓
Retirement Plans	✓	—
Paid Leave	✓	✓

 Your Benefits credits increased your score 1 star!

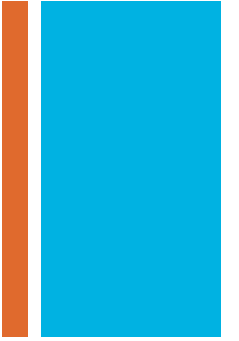
How can you improve your score?

1 Your best area for scoring improvement is Retention Rate.

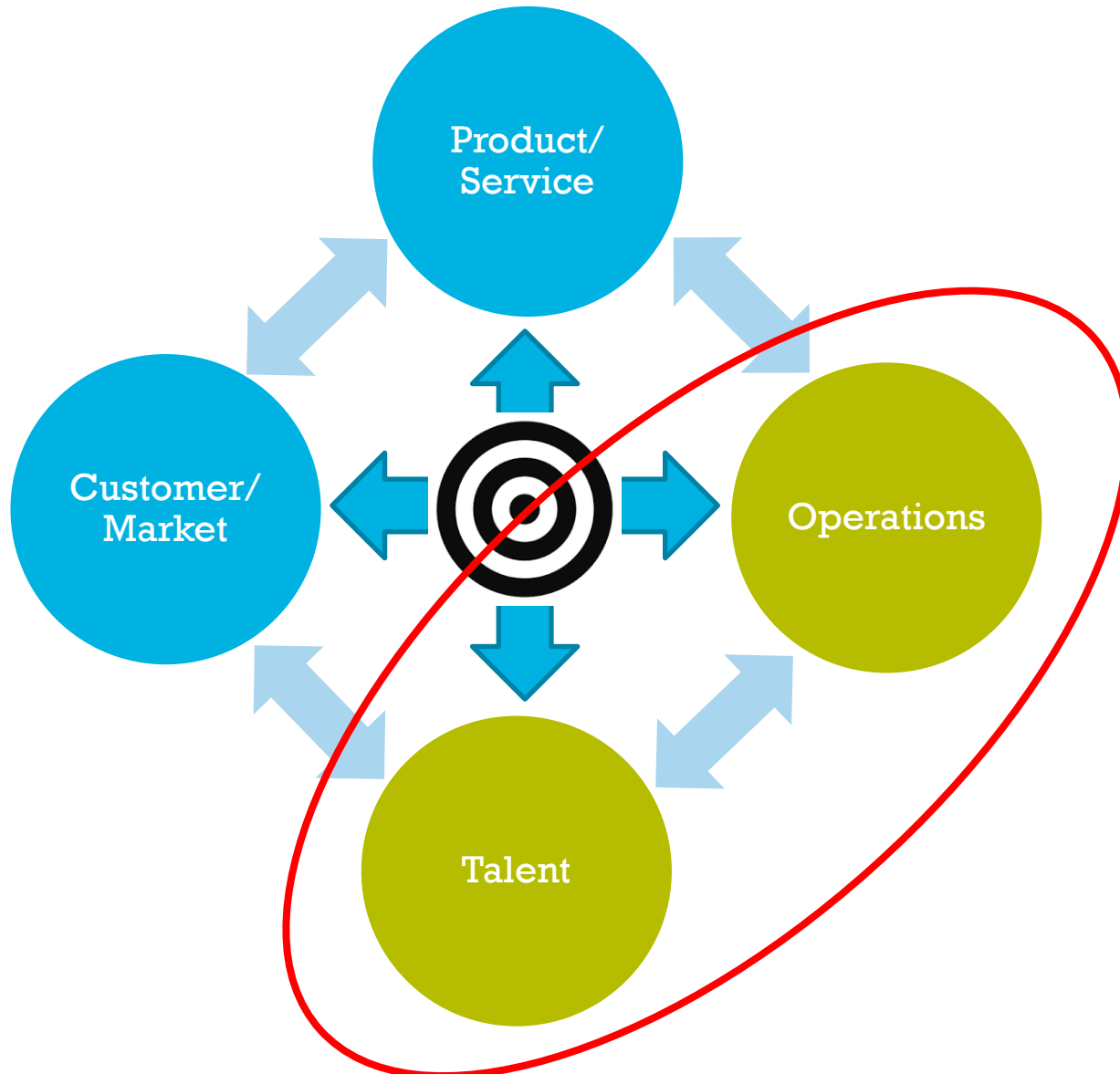
• Overall score includes a reported 0% temporary workers / 1099

4

What does this mean for your business...
and your community?



Recap – Intersection of Talent and Operations

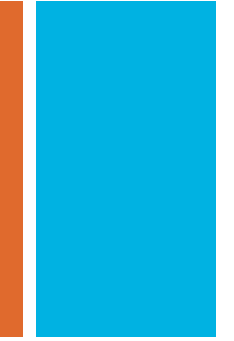


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When This All Comes Together

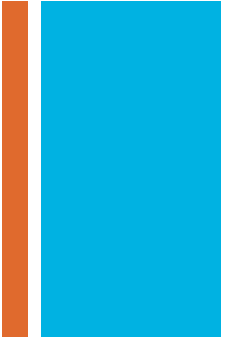


- Continuous improvement and innovation
 - Driven by engaged, motivated, and fulfilled workforce
 - Who are partners in growing your business
- Create long-term value and build competitive advantage
 - Attracting and retaining talent
 - Superior products and services
 - Improved productivity, efficiency, profitability
 - Corporate reputation – with customers and community



And what if many employers did the same thing in your community?

When You and Others Invest With Purpose In People



Thriving communities, families and businesses – *inclusive prosperity*

- economic stability
- strong neighborhoods
- great educational systems
- access to healthy food
- healthy families

5

Call to Action

What To Do Tomorrow

- Look at your data – business results and employee outcomes – where can you improve?
- Discuss with your executive team and your employees
- Are you hitting your bullseye?
- What help do you need?

THEN

- Discuss with other business leaders – how could you transform your businesses and your communities? ***Investors*** are now demanding this.
- How can you create the ripple?
- What help do you need?

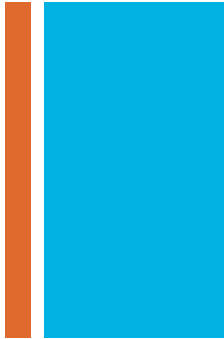


***Transform your
business.
Transform your
community!***

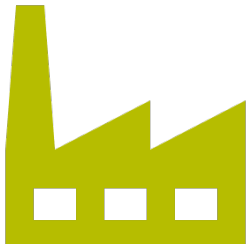
6

How to use this information

LISC Continuum



Bridges and FOC
programs for
neighborhood
families



Engaged and
activated
employers



Investments that create and support
thriving communities, families, and businesses

“Inclusive Prosperity”

How to Use this Presentation

Head and Heart

- Identify concepts you think will resonate in your community and get **local data**
 - Factors other than skills gap
 - Self-Sufficiency vs. wages vs. cliff effect vs. actual living expenses
 - Use it to support your equity agenda
- Think about **CEO engagement/alignment** strategies
 - What **and who** can activate them
 - Competitive advantage and Inclusive prosperity messaging – bullseye to ripple
 - Anchor Institution strategies
- Connect all of this back to your organization and **how you can help**
 - Funding and technical assistance you can provide
 - Convening/facilitation power you can provide
 - Pinkerton Papers – call to action for NF sites – become hard nosed and **boldly assert your value**





Thank you

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