

The Case for Talent

Our Mission for the Region:
To develop, attract and retain talent.

Our Vision for the Region:
Northeast Indiana is a top global competitor, exceeding the expectations of businesses and residents.

“Economic development cannot be separated from workforce development. Successful 21st century employment and economic growth depends on increasing the skill and knowledge levels of existing Hoosier workers and ensuring that the education of future workers is more challenging and effective.”¹

We can no longer deny that the economic future of Northeast Indiana hinges on talent. According to a study conducted by the Georgetown University Center on Education and the Workforce, by 2018, 60% of jobs in the U.S. will require postsecondary education. And yet, as of 2009, the percentage of the Northeast Indiana workforce (adults, ages 25-64) with a two or four year degree or higher was just 31.5%. If we cannot sustain the requisite talent pool our businesses are demanding, the answer is simple. Businesses will leave. The regional economy will suffer greatly. And our per capita income level will continue its severe downward slide.

This connection between per capita income and college attainment rates is often referred to as the Talent Dividend. “Using data from 2006, each additional percentage point improvement in aggregate adult four-year college attainment is associated with a \$763 increase in annual per capita income. Raising the national median of the top 51 metro areas from 29.4 percent to 30.4 percent would be associated with an increase in income of \$124 billion per year for the nation.”²

The key here is completion. According to the Organization for Economic Cooperation and Development, the United States now has the highest college dropout rate in the industrialized world.³ And when you consider that a bachelor’s degree is worth \$1.2 million more in lifetime income than a high school diploma, this talent issue stands to have staggering effects on our economy.⁴

But what kind of talent is needed? Talent is driven by the demand of our regional businesses. According to research conducted by the Northeast Indiana Fund, the six target industry sectors in Northeast Indiana are advanced manufacturing, insurance, food processing, medical devices, defense/aerospace and transportation/logistics. To continue to fuel their talent pipeline as well as attract more business investment to the region, we must determine the types of credentials, degrees and skills that these businesses need to succeed.

¹ *Accelerating Growth, Indiana’s Strategic Economic Development Plan*, Indiana Economic Development Corporation (April, 2006), p. 13.

² CEOs for Cities, *City Dividends*, http://www.ceosforcities.org/work/city_dividends.

³ Harvard Graduate School of Education, *Pathways to Prosperity*, (February 2011), p10.

⁴ Mark Kantrowitz, *The Financial Value of a Higher Education*, Journal of Student Financial Aid 37(1):18-27, NASFAA, July 2007.

This is why we now propose to align all of the objectives of Vision 2020—no matter which pillar they represent—under a singular regional mission: **to develop, attract and retain talent.**

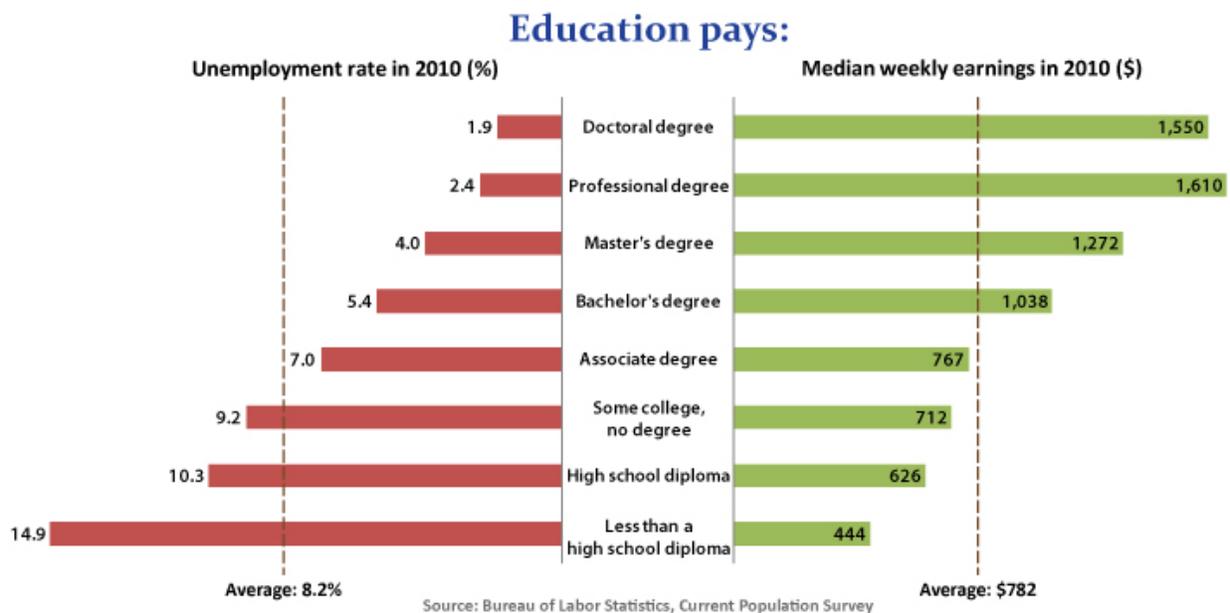
In the end, our ability to develop, retain and attract great talent is the underlying current beneath all five pillars of Vision 2020 (one of which is **21st Century Talent**). If we want to grow **Entrepreneurship**, we must have the talent. If we want a **Competitive Business Climate**, we must have the talent to attract and keep the businesses. And once we established the talent base, we will only be able to retain them if we offer them ease of mobility (**Infrastructure**) and a high **Quality of Life**.

By aligning our efforts as a region with an overarching mission, we will realize the power of speaking with one voice. And by speaking with one voice, we will spur the action needed to change our story here in the region.

Changing our story involves being able to envision a new future for Northeast Indiana. This new future means realizing the vision that has been set forth for Northeast Indiana: **to become a top global competitor, exceeding the expectations of businesses and residents.**

Skill Shortage

“Under current trends, the United States will not have enough workers with the right education and training to fill the skill profiles of the jobs likely to be created. Our analysis suggests a shortage of up to 1.5 million workers with bachelor’s degrees or higher in 2020. At the same time, nearly 6 million Americans without a high school diploma are likely to be without a job.”⁵



⁵ McKinsey Global Institute, *An Economy that Works: Job Creation and America’s Future*, (June 2011), p2.

Unfortunately, simply increasing the number of residents with bachelor's degrees is not the singular answer. We must tailor our educational goals to the trends we see in job creation. To date, we as a country have largely focused on a 'college for all' strategy, but a four year degree is not a perfect fit for everyone. We need to diversify our strategy to include a focus on two year degrees and obtaining high quality credentials. The Georgetown Center indicates that the nearly 14 million jobs projected to be created between now and 2018 (nearly half of the jobs created that will require a postsecondary education) will be filled by people with an associate's degree or an occupational certificate.⁶

"The majority of Indiana's job openings through 2016 will be in the middle skill category, requiring more than high school but less than a four year college degree—a plurality of these positions will be in manufacturing and logistics," said Joe Loughrey, retired vice chairman, Cummins Inc.⁷

As a result, we must hone the specific skill sets—like those needed for manufacturing and logistics-- needed by the businesses currently in our region and the businesses we want to attract to the region. Our focus cannot be on technical skills alone; successful businesses today need employees capable of working in a fast-paced environment with the ability to communicate effectively and work well within a variety of settings. "Indiana Business Research Center has found that, while credentialing in the form of degrees and certificates is important, development of soft skills—skills that are more social than technical—will be a crucial part of fostering a dynamic workforce. Skills projected to be in the highest demand for all Indiana occupations through 2014 include active listening, critical thinking, speaking, active learning, writing, time management and social perceptiveness."⁸

Regional Feedback

During the Vision 2020 process, over 1,000 individuals throughout the region were asked for feedback on the regional vision. When asked to rank the importance of each of the five pillars, Talent ranked 1st or 2nd 90% of the time.

It seemed no matter how the conversation started, it always came back to talent. When asked what he/she would gain through implementation of the Competitive Business Climate pillar, one participant from Whitley County said "the ability to retain the workforce." A participant from LaGrange County said, also in regard to developing a Competitive Business Climate, "A better educated workforce means better paying jobs, better quality of life."

The Vision 2020 Final Report cites that the message that high school students are giving regional leadership is "Give us an opportunity to gain a quality education and quality jobs to keep us in the region." The report also reveals that while students have a strong attachment to the region, they are also concerned that the region might not be able to offer them quality jobs after graduating from college.

⁶ Georgetown University Center on Education and the Workforce, *A Stronger Workforce Investment System for a Stronger Economy*, written testimony submitted to U.S. Senate by Anthony P. Carnevale, <http://cew.georgetown.edu/89239.html>.

⁷ Conexus Indiana, *Preparing Tomorrow's Manufacturing & Logistics Workforce*.

⁸ Peggy Klaus, *The Hard Truth about Soft Skills*, <http://www.bettersoftskills.com/research.htm>.

This critical disconnect highlights the relationship between talent development and a competitive business climate and illustrates that talent is a theme that runs through all five of the pillars of Vision 2020. An overarching regional vision based on talent development does not supersede the other four pillars but rather shows the deep connection between the five pillars—creating a truly unified, comprehensive economic development strategy.

Cultural Shift

Addressing the structural barriers, such as lack of financial resources and college readiness, will not be sufficient to transform the region. We will also need to examine the cultural barriers that are preventing people from embracing lifelong learning and elevating their work-related skills.

In 2010, the Community Research Institute at IPFW conducted a regional fringe benefit and occupational wage survey for WorkOne Northeast in cooperation with the Northeast Indiana Regional Partnership. When asked what specific skills are the most difficult to find in Northeast Indiana, the top two answers were high school completion and dependability/work ethic.⁹ This combination of answers illustrates how tightly connected the issue of skill attainment is linked to a need for a cultural shift in order to offer the best possible workforce for our current and future business investors.

As we have begun to discuss the possibility of an overarching vision tied to the development of our workforce, the anecdotal evidence gathered from regional stakeholders on cultural barriers is intriguing:

- If residents have been able to get a well-paying job with only a high school diploma, then why should their children need more than that?
- Some residents believe that if their children receive a degree, they will leave the community in search of a well-paying job and not return.
- Residents without a post-secondary education are intimidated by higher education institutions and programs, discouraging them from accessing these programs.
- Vocational training and subsequent professions are sometimes viewed as second-class forms of post-secondary education and may not be pursued because of this negative connotation.

This provides mounting evidence that simply addressing the issue of college attainment is not enough. We must undergo a dramatic cultural shift where we as a region truly value education and embrace the idea of lifelong learning in order to develop an educated workforce with the attitude and skills needed to support our thriving industries.

Collective Impact

There is only one way to achieve the transformational culture shift and increase in college attainment levels that are needed—collective impact. Collective impact is a concept used by organizations like Strive in Cincinnati where a network of organizations is created (including government, civic and private sector entities), united behind a common agenda to solve a specific social problem. “Our research shows that successful collective impact initiatives typically have five conditions that together produce true

⁹ Community Research Institute at IPFW, *2010 Northeast Indiana Fringe Benefit Survey and Occupational Wage Data*, (January 2010), p14.

alignment and lead to powerful results: a common agenda, shared measurement systems, mutually reinforcing activities, continuous communication and backbone support organizations.”¹⁰

It’s time we realize that no single organization caused a major social problem and thus, no single organization can solve it. In the Strive example, they have formed a partnership with 300 participating organizations to address the student achievement issue in Cincinnati and northern Kentucky. It is important to note that Strive does not dictate the operations of those organizations but rather provides the infrastructure and central rallying point to keep everyone aligned with the common agenda and agreed upon metrics. As a result of their commitment to collaboration, they are now leveraging a combined budget of \$7 billion.¹¹ Now THAT’s collective impact.

We have emulated this model here in Northeast Indiana through Vision 2020—an initiative stewarded by the Northeast Indiana Regional Partnership but reliant on the collective efforts of organizations across the region to be successful.

If we want to change the story of Northeast Indiana, we must collectively turn our attention to talent. No one business leader, civic organization or governmental entity has the tools, resources and expertise to accomplish all of the above, but when we align our efforts around a common agenda, we will be able to leverage our strengths, creating substantial collective impact.

Forward Momentum

Momentum around the goal of developing the talent pipeline in the region has already begun. Northeast Indiana received a grant from Lilly Endowment Inc. for \$20 million in 2009 to create the Talent Initiative, a program focused on accelerating education and training initiatives in science, technology, engineering and math (STEM)—specifically in relation to the defense/aerospace and advanced manufacturing industries.

Over the past two years, the Talent Initiative has helped seed six New Tech high schools in the region—making Northeast Indiana the second highest concentration of New Techs in the country. And to encourage the proliferation of project-based learning in the region—as heralded by the New Tech model—over \$2 million in grants were distributed for the professional development of educators across Northeast Indiana. The Talent Initiative also provided funding for a \$2.6 million state-of-the-art advanced manufacturing lab at Ivy Tech and provided \$4.5 million to IPFW to expand their systems engineering and wireless communications programs including three new labs and two endowed chairs. And to address the region’s most immediate workforce need, it also provided \$5.7 million in funding to WorkOne Northeast, which to date has retrained more than 2,000 adult workers.

One of the many successful outcomes of the program is that it has created a central point of contact for project partners working on these and similar talent endeavors across the region. As a result, the Talent Initiative has recently agreed to become the convener of the 21st Century Talent pillar in Vision 2020. To date, a group has been formed consisting of all of the higher education institutions in the region, focusing on the issues that directly affect this segment of the education arena. Additionally, efforts are

¹⁰ Stanford Social Innovation Review, John Kania & Mark Kramer, *Collective Impact*, (Winter 2011), p39.

¹¹ *Collective Impact*, p41.

underway to persuade the region to adopt the Lumina Foundation's BIG Goal, an effort to increase the percentage of people with high quality degrees and credentials to 60% by the year 2025.

These examples provide evidence that that the region is ready to embrace this type of an approach to community and economic development. Now is the time to capitalize on the momentum gained from the early success using the collective impact model to further our efforts in bringing together community leaders across all five pillars.

While leaders from across the region have stepped forward to lend their resources and expertise to the Vision 2020 initiative, there is much work to be done. Our key to success will be our ability to sustain our collaboration in the long term and to sustain our focus on the five pillars and our common agenda: **to develop, attract and retain talent so that Northeast Indiana becomes a globally competitive economy, exceeding the expectations of both businesses and residents.**

Future Outlook

If we are successful in achieving our goals, Northeast Indiana will become a region known for its demand-driven workforce. Business and education will be tightly linked and leaders in both sectors will collaborate and leverage their strengths and assets for the benefit of the region. New talent will seek out employment in Northeast Indiana because they will know we have strong businesses, great opportunities and an excellent quality of life. Northeast Indiana will truly celebrate a culture that embraces lifelong learning and reap the economic benefits that result. Business investment will grow as the demand for our workforce grows, ultimately resulting in per capita income levels at or above the national average.

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