

# MINUTES

February 22, 2007



PRESENT: Mayor Tom Barrett, Mary Burke, Mark Cronce, Michael Grebe, Willie Hines, Mark Jaeger, Suzanne Kelley, Dennis Kuester, David Lynch, Bill McReynolds, Larry Nelson, Cory Nettles, Stephanie Phillips, David Rayburn, Tom Sackett, Carlos Santiago, Carol Schneider, Steve Smith, Mary Ellen Stanek, John Torinus, Dan Vrakas, Scott Walker, Ed Zore

ABSENT: T. Michael Bolger, Lee Holloway, Allan Kehl, Gale Klappa, Ann Lohrmann, Phillip Neuenfeldt, Joel Quadracci, Dr. Robert Spitzer, Steven Stanbrook

STAFF: Dean Amhaus, Julie Granger, Wendy Hauser, Shelley Jurewicz, Pat O'Brien, Jim Paetsch, Tim Sheehy, Julia Taylor

## Call to Order

Chair Dennis Kuester called the meeting to order at 8:00 a.m., welcoming other Council members, guests and elected officials. He also extended thanks on behalf of the Council to the MATC Mequon campus, and Ozaukee County, for hosting the February meeting.

## Approval of Minutes

Upon motion duly made and seconded, the minutes of the November 29, 2006 Council meeting were approved as presented.

## Chairman's Report

### Website/Resource Center

Chairman Kuester reported that since its launch on Nov. 29, 2006 the [www.choosemilwaukee.com](http://www.choosemilwaukee.com) website has had more than 17,000 visits and 600,000 hits. In addition, new search options under the Search Sites & Buildings section, allows searches by city, county, zip code or distance around an address. Meetings are being hosted with Milwaukee7 county and economic development representatives, brokerage firms and other stakeholders to familiarize them with the Resource Center and to garner their feedback.

### Company Expansion/Retention Activity

Continuing, Chairman Kuester noted that since the Milwaukee 7's launch in September 2005, staff has worked, or continues to work, directly with 12 companies to retain "at risk" jobs in the region and/or to facilitate expansion/ relocation plans.

## Bio-Tech Call Program

Chairman Kuester invited Sammis White, Associate Dean, UWM Outreach and Continuing Education, to share the results of the recently completed Bio-Tech Call Program.

Mr. White began by explaining that biotechnology is an expansive term encompassing a broad range of science and companies including agricultural feedstock and chemicals, drugs and pharmaceuticals, medical devices and equipment, and research, testing and medical laboratories. He noted that the focus of this call program report was the **medical devices and equipment** segment, often referred to as “biomedical.”

Milwaukee, Mr. White continued, ranked 12<sup>th</sup> among U.S. metros in 2004 with 6,360 biomedical jobs, buoyed by the presence of one industry giant - GE Healthcare. The remainder of the region’s biomedical segment is comprised primarily of small, fledgling start-ups that currently have only minimal impact on the regional economy, but have the potential for dramatic growth in a high wage industry segment. Utilizing a 67-question survey instrument, 37 interviews in the Milwaukee 7 region were successfully completed and results indicated that:

- 66% of companies founded in 1995 or later
- 32% spun-off from local universities
- 88% headquartered in the region
- 42% have sales of \$1 million or less
- 95% of sales are to customers located outside the region

Additional key interview findings included:

**Critical mass is lacking:** The region’s biomedical base includes several sophisticated, leading-edge companies, but overall the sector is thin and disparate; we have not attained a “critical mass” of companies in any particular biomedical sub-sector.

**Employment is small, but highly skilled and highly compensated:** As a subset of the regional economy, biomedical employment is miniscule: 70% of the responding firms have 20 or fewer employees. Biomedical firms employ a disproportionate number of highly skilled, high-wage workers, far exceeding levels found in other industries. Although presently small in number, these are precisely the types of jobs attractive to any locale.

**Positive profitability trends:** Firm profitability is trending upward - 61% of respondents report being “significantly more profitable” or “more profitable” today than three years ago. Moreover, interviewees expressed great optimism for the future - 81% expect their companies to be “significantly more profitable” or “more profitable” three years from now.

**Critical success factor: Workforce.** Qualified workers, in sufficient supply, are the most often cited critical success factor for biomedical companies:

- Workforce quality is cited by 24% of respondents when asked why their company is successful in the region. Respondents made frequent reference to the classic Milwaukee work ethic, manifest in employee diligence, loyalty and creativity.
- Shortage of skilled technical workers is a clear threat to the sector's future viability - 39% of respondents made reference to these shortages. Many biomedical firms conduct highly specialized work that requires unique skills. As mentioned earlier, the region has not attained a critical mass of companies in several of these niches, which subsequently limits the labor pool.

**Risk-averse investment climate:** Access to capital followed workforce concerns as a chronic impediment to biomedical growth - 27% of respondents discussed the difficulty of attracting investors and/or financing. Biomedical firms are often high-risk ventures plagued by long commercialization and sales cycles and high initial capitalization.

**Public/private assistance efforts:** Respondents voiced skepticism of public and/or private partnerships designed to assist with the challenges and opportunities these companies face. Future efforts will need to deliver programmatic solutions that meet the unique needs of the biomedical sector.

Mr. White continued by stating that growing our biomedical base is a complex undertaking involving factors within and outside our control. The fruits of success are enticing, offering a significant potential boost to the regional economy in the form of high-paying, next-generation jobs, as well as the flow of new investment capital into the region. Biomedical is unlikely the sole answer to the economic trials facing the Milwaukee 7, but it is well worth exploring how it might be part of the solution. The purpose of this report, he concluded, is not to chart a specific course for building a biomedical economy, but to shed light on the opportunities and hurdles these firms face and to add the "voice of the customer" to the regional dialogue that has already begun.

### Call Program Volunteers

Volunteers were then recognized for their significant efforts in making the call programs successful.

### Economic Positioning Framework

Julia Taylor and Tim Sheehy outlined the scope and timeline of the accomplishments and on-going work of the Milwaukee 7. *(See illustration)*

|                                 | Sep-05       | Jan-06       | May-06       | Aug-06       | Nov-06       | Dec-06   | Jan-07 | Feb-07 | Mar-07   |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|----------|--------|--------|----------|
| <b>DELIVERABLES</b>             |              |              |              |              |              |          |        |        |          |
| Funding Launch Milwaukee 7      | Accomplished | On-going     |              |              |              |          |        |        |          |
| Regional Image / Identity       |              | Accomplished | On-going     |              |              |          |        |        |          |
| Economic Positioning Framework  |              |              | Accomplished |              |              |          |        |        |          |
| CEO Call Program (MFG)          |              |              | Accomplished |              |              |          |        |        |          |
| Workforce Alliance/ Grants      |              |              |              | Accomplished | On-going     |          |        |        |          |
| Website / Resource CTR Launch   |              | Accomplished | On-going     |              |              |          |        |        |          |
| Regional Code of Ethics         |              |              |              |              | Accomplished | On-going |        |        |          |
| CEO Call Program (BIO)          |              |              |              |              | Accomplished | On-going |        |        |          |
| Legislation Policy Committee    |              |              |              | Accomplished | On-going     |          |        |        |          |
| FUEL Milwaukee Launch           |              |              |              | Accomplished | On-going     |          |        |        |          |
| CEO Call Program (Downtown)     |              |              |              |              | Accomplished | On-going |        |        |          |
| CEO Call Program (Central City) |              |              |              |              | Accomplished | On-going |        |        |          |
| CEO Call Program (IT)           |              |              |              |              |              |          |        |        | On-going |
| <b>TIMELINE</b>                 |              |              |              |              |              |          |        |        |          |

The Economic Positioning Framework to be released at the May Council meeting will serve as a catalyst for:

- Creation of a forward-looking, broad (although not exhaustive) agenda for the region; focusing on initiatives with the greatest capacity for positive change
- Development of an early roadmap for opportunities and shortlist of actionable strategies to jump-start or accelerate movement
- Identify players and leadership to move, own, or convene in private and public sectors

This comprehensive plan will depend on region building activities that support regional economic strategies and is an opportunity to align different and diverse core constituencies within strategic areas of the framework.

### Regional Workforce Alliance

Julia Taylor reported that in April, the Regional Workforce Alliance will convene regional representatives from the workforce development system, educational systems, community non-profits and a number of other key regional partners in a 2-day strategic planning workshop. At the end of this process, there will many owners of the plan and the work accomplished will be the work of many groups and organizations. The work will be measurable, the resources and planning will be aligned and we will move the needle for this region.

Continuing, Ms. Taylor noted that the Regional Workforce Alliance was awarded \$5.1 million over three years to develop and implement a regional talent development strategy. This strategy will include integration of resources to advance talent development and workforce system transformation, and integration of the efforts of workforce development, economic development and education. The intent of these funds is to act as seed funding to catalyze public and private investment in support of the region's strategy.

Other key 2007 strategies, concluded Ms. Taylor include:

- Development of a regional model for delivering consistent, market- driven workforce services to businesses
- Completion of a regional inventory of public and private funders to facilitate effective investment strategies and funding leverage.
- Collaboration on the Donor's Forum 2007 Conference
- Development of a model for market-driven, regionally based workforce data research, analysis and reporting, integrating and aggregating current and undeveloped data

### Training the Industrial Athlete of the Future

Julia Taylor noted that at the August 2006 Milwaukee 7 Council meeting, Sammis White's research findings from the advanced manufacturing call program pointed to the lack of a skilled workforce as the primary concern of employers. To present a timely regional response to the issue, Ms. Taylor introduced Leo Reddy, CEO, MSSC and James McCaslin, President and COO, Harley-Davidson and Chair, MSSC Board of Directors, who addressed the Council on the Manufacturing Skill Standards Council Training, Assessment and Certification System (MSSC).

Mr. Reddy opened his presentation by confirming a number of skill gap statistics:

- 90% cite shortage of *production workers* as their top workforce issue
- 80% have difficulty finding workers with right skills
- 50% report inadequate employability and problem-solving skills
- 33% report insufficient reading, writing and communications skills
- More than 40 percent of America's workforce is within 5 years of a retirement age

Continuing, Mr. Reddy explained that the MSSC approach to address this skills gap is a nationwide system of training, assessment and credentials based upon industry-defined, nationally validated, federally endorsed MSSC standards. It's scope *uniquely* applies to *all* manufacturing sectors and *all* production occupations, with a goal of reaching 40% of the production work force in 10 years; 4 million out of 10 million production workers. This training, designed to prepare the agile *industrial athlete of the future* and enable them to keep pace with technological change will be made available to incumbent workers, students, dislocated workers, under-employed, unemployed, and career changers. In addition, this training will build a larger pool of flexible, easily trainable production workers with *strengthened core knowledge and skills—all in a manufacturing context*.

In conclusion, Mr. Reddy acknowledged that in Wisconsin, technical colleges are planning to use these MSSC courses among other custom training solutions and to build cadre of MSSC-certified Instructors and Assessment Centers. He also noted that MATC is currently actively involved through its statewide Wisconsin Performance and Assessment for Skill Standards program (MSSC/WISPASS) funded by U.S. Department of Labor Grant

Jim McCaslin continued the presentation by stating that the most critical workforce challenges continue to be recruiting and retaining skilled workers noting that with manufacturing as the largest sector in state, skill deficiencies and shortages are a major threat to manufacturing's future viability. MSSC offers a solution to skills gap issues and increases productivity and innovation through development of a credentialed production workforce able to keep pace with technological change. In addition, providing job candidates with industry-recognized credentials reduces recruitment costs and serves to attract, motivate, and retain qualified employees.

In conclusion, Mr. McCaslin stated that his training experts at Harley have high regard for MSSC, and having put close to 100 of their workers through MSSC assessments intend to make MSSC a workforce cornerstone at Harley.

#### WIRED Grant

*(Workforce Innovation in Regional Economic Development)*

Chairman Kuester introduced Janet Sten, Chief, Division of Workforce System Support, US Department of Labor Employment and Training Administration.

Ms. Sten extended her congratulations on the \$5 million dollar award recently made by the U.S. Department of Labor to the state of Wisconsin for the economic region served by the Milwaukee 7, noting that the region is one of 26 from throughout the country recognized for being on the cutting edge of regional workforce and economic development

Continuing, she identified three of the central WIRED principles:

- The front lines of global competition are regional, where companies, workers, researchers, entrepreneurs and governments come together to create a competitive advantage
- That competitive advantage stems from the ability to transform new ideas and new knowledge into advanced, high quality products or services - in other words, to innovate
- Innovation depends upon the presence of a skilled workforce (talent), investment, and infrastructure

In simple terms, the ETA (*Employment and Training Administration*) and its WIRED investment are attempting to support the continuing emergence of competitively successful regions that demonstrate the ability to network innovation assets - people, institutions, capital and infrastructure - to generate growth and prosperity. WIRED is focusing on the talent development part of building a regional economy and is designed to expand employment and advancement opportunities for workers while simultaneously catalyzing the creation of high skill, high wage jobs.

She added that the Department of Labor wishes to support the Milwaukee 7 because we have identified our economic region; have networked our political, business, educational, and civic leaders; and have analyzed our regional assets, opportunities, and challenges.

Concluding, Ms. Sten stated that the DOL expects that the implementation plan for the WIRED grant will align with the strategic direction set forth by the Milwaukee 7— regional talent development making a substantial contribution to regional economic development and regional transformation.

#### Other Items of Discussion

Concluding, Chairman Kuester noted that the next meeting of the Milwaukee 7 Council will be held May 30th in Kenosha County at Gateway Technical College.

#### Adjournment

There being no further business to come before the Council, the meeting adjourned at 9:30.

Respectfully submitted,

Wendy Hauser  
GMC Program Officer