

GOOD PRACTICES IN BUSINESS SERVICES:  
HELPING SMALL BUSINESSES GROW AND  
CREATE JOBS

*Case Study: WRTP*

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This study is dedicated to small businesses in the United States, the communities that they support and the people who work for them.

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## PREFACE

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This study of good practice in business development services was undertaken to help US development organizations improve their non-financial business services to better help small businesses grow and create jobs. Our findings and recommendations, however, will be useful to Business Development Services (BDS) providers around the world. In 2000 and 2001, Shorebank Advisory Services analyzed the business development strategies, service delivery systems and lessons of 15 organizations around the world with strong records of helping small firms reach markets and create or improve jobs in local communities. The focus was global, in order to bring a wide range of innovative experience and lessons to US-based practitioners, who are in need of new strategies. The focus was on small firms because they are the engines of business growth. This study emphasizes programs that create and improve jobs because businesses have the greatest impact on poverty through job creation.

This study provides cases, analyses and recommendations to help US-based small business development organizations address fundamental challenges in how they go about strengthening small businesses and helping them grow to create jobs. The study is relevant to wide range of organizations – from community development finance institutions (CDFIs) that provide financing and business assistance or advisory services, to economic development organizations, to trade associations and small business organizations, to workforce development coalitions.

Specifically, this study documents experiences and shared principles of good practice from around the world so business development organizations can:

- Refine existing non-financial support services to be more market-led and customer-driven, thereby improving the quality of services provided to client firms;
- Identify new services that can provide real value to firms and help them significantly grow;
- Better target high-impact services to those small firms that can take advantage them and yield development impact;
- Better assess the cost-effectiveness of technical assistance services to inform resource allocation and program decisions.

Our research Findings and Recommendations emphasize the importance of market-led services and business-to-business strategies that may or may not be delivered with financing. The findings suggest that more market-led and business-to-business strategies that link small firms with markets are more appropriate and sustainable for a sophisticated market like the United States. Rather than provide financing with a little technical assistance or business assistance with a little financing, providers need an integrated strategy to help firms reach markets. That focus will then determine what services and financing resources are needed.

Nevertheless, the research is, by its nature, somewhat preliminary. While we can conclude that market-led, customer-driven approaches to business development services and technical assistance are more effective, we have not yet quantified the benefits of good business services other than through anecdotal evidence. The field has not yet developed a common set of performance measures and indicators that allow us to prove how much good technical assistance can help firms increase sales or employment. While many US-based CDFIs like community development venture capital funds think and operate more like businesses in order to better serve small businesses, many small business services organizations operate in a very different mindset, often requiring training and technical assistance that may not be value-added to firms. Thus, this study should be

seen as a proposal for the small business development community to sharpen its focus in business development services and technical assistance, to experiment with new strategies and delivery channels, and to modify existing programs for more significant impact at lower cost.

This research study is presented in a series of publications to allow practitioners, researchers and funders to absorb appropriate levels of detail.

The publications are:

- 1) “Good Practices in Business Services: Helping Small Businesses Grow and Create Jobs—Summary Report.” A brief paper to give readers a basic understanding of the findings and recommendations and to help readers determine if the study is relevant to their work. It is particularly targeted to small business developers who offer finance, which includes the majority of US practitioners.
- 2) “Good Practices in Business Services: Helping Small Businesses Grow and Create Jobs—Learnings from Global Experience.” An in-depth, analytical presentation of key principles for designing effective small businesses development programs, based on the 13 cases and relevant literature. This paper is useful for understanding the rationale and evidence behind the recommendations.
- 3) “Good Practices in Business Services: Helping Small Businesses Grow and Create Jobs—Recommendations and Practical Tools.” A detailed presentation of practical guidance to help small business development practitioners evaluate and reorient their programs and design new initiatives. This paper is useful for implementing the findings.
- 4) “Good Practices in Business Services: Helping Small Businesses Grow and Create Jobs—In-Depth Case Studies.” Five in-depth case studies of programs that help small businesses grow and create jobs by accessing markets. These case studies profile individual organizations and are useful for gaining a full understanding of how the programs in the study operate, what challenges they face and how they evolved and changed over time.
- 5) “Good Practices in Business Services: Helping Small Businesses Grow and Create Jobs—Brief Case Studies.” A set of eight brief case studies of programs that helped small businesses grow and create jobs by accessing markets. This study is useful for gaining more information about a range of strategies, or quickly looking into a particular strategy to see if it is relevant for a given situation.

These publications are stand-alone documents. Each may be read independently, but they each offer a different level of detail and orientation. They are co-authored by Janney Bretz Carpenter, Julia Gerschick, Lynn Pikholtz and Mary McVay. They are available through Shorebank Advisory Services at [www.shorebankadvisory.com](http://www.shorebankadvisory.com) under Resources.

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## INTRODUCTION

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In 2000 and 2001, Shorebank Advisory Services analyzed the business services strategies, delivery systems and lessons of 15 organizations<sup>1</sup> around the world with strong records of helping small firms reach markets and create or improve jobs in local communities.

The purpose of this study is to better understand the US and international experience in providing value-added business services that help small firms access markets and grow and to share that global experience with United States-based practitioners who seek to strengthen existing or design new business services for small firms. While each international case is not replicable in its entirety, the cases provide valuable insights and lessons into what drives success, efficiency, cost recovery for business services providers and what helps ensure value-added services for small business customers, *wherever* they may occur. These lessons include how to be market-led and customer-driven, how to select high-impact information services and how to find cost-effective delivery channels for value-added business services. We hope this study provides new information to inform the ongoing discussion of high-impact business services, cost-effective delivery channels and good management information for cost-recovery, financial efficiency and effectiveness.

Many organizations in the United States provide technical assistance and business services to small firms. These include community development finance institutions (CDFIs), small business development centers, business trade associations, and community development organizations. These services, sometimes delivered in conjunction with financial services, are often as or more important to business growth and job creation as access to capital. Their main purpose is to help firms grow and create or improve jobs, in turn reducing poverty. These non-financial services include general technical assistance and business training, but expand beyond those traditional services to include specialized assistance in helping firms access markets or improve productivity, assistance in recruiting and retention of workers and many others.

Business services are increasingly important to business development CDFIs. First, small firms need quality information services and guidance to compete in new markets and transition into larger employers. Second, while access to capital is essential to small business development, it is rarely sufficient to help firms grow. Third, good business services can mitigate some credit risks of financing small firms in challenging markets.

Most small business development organizations face fundamental challenges in delivering business services to small firms, including:

- § Providing valuable and relevant services
- § Covering the high cost of service delivery
- § Measuring outcomes and cost-effectiveness, or knowing whether the services have significant impact on firms and their communities

To help business development organizations overcome these challenges and deliver more cost-effective services, this study offers practical guidance to help experienced and relatively new business service providers answer basic questions of service design and delivery, such as:

- § What is the strategy?
- § Which firms to target?
- § What services to provide?

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<sup>1</sup> SAS prepared brief case studies for 13 of the 15, relying on recent field research from other studies for two cases. Of the 13, five became in-depth case studies.

- § How to deliver services cost-effectively?
- § How to pay for services?
- § How to balance focus with the needs of customer firms in terms of priority and sequencing?
- § How to assess performance?

In order to address these fundamental issues, this study gathered lessons learned from a wide range of programs, with a focus on initiatives that help small businesses access markets and create quality jobs. The programs offer a wide range of market access and workforce development services, are located around the world and are managed by a range of institutions including business associations, not-for-profit agencies and private firms. The findings are based on a thorough review of existing cases and literature. While the case contexts may vary widely, the goal of this research is to provide business development organizations with information from diverse approaches to better inform their own program design choices regarding what business services to provide and how to deliver them cost-effectively in order to strengthen small businesses and create jobs in their communities.

This document presents one of five in-depth cases. These cases were prepared from in-person interviews with staff and small business clients and observations of the programs in action. The organizations studied include:

- § INSOTEC (Institute for Socioeconomic and Technological Research) in Quito, Ecuador
- § New York City Investment Fund in New York City
- § ASSOFRUIT in the Basilicata region of southern Italy
- § Wisconsin Regional Training Partnership in Milwaukee, Wisconsin
- § Northern Initiatives in the Upper Peninsula of Michigan

The cases present each organization's business development strategy, how the strategy evolved, their major accomplishments and challenges in implementing the small business development program, how the program is assessed and what lessons their experience offers to other small business development practitioners.

## I. HIGHLIGHTS FOR PRACTITIONERS

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The Wisconsin Regional Training Partnership (WRTP) is a consortia of businesses, labor representation and local government that is developing a model for preserving family-supporting jobs and helping manufacturing firms become highly competitive. The partnership was formed in 1992 to address the long-term decline of Milwaukee's industrial base in the face of international competition. Its goal is to revitalize key economic sectors and retain and increase the number of quality jobs at the same time.

At the heart of the industrial decline in Milwaukee was a pattern of manufacturers taking the "low road" to survival in the global economy: competing on price by lowering wages. Founders of WRTP believed that firms would perform better, to the benefit of workers and the local economy, by taking the "high road": competing on quality by involving workers in creating a modern workplace with well-trained, well-paid workers. Its strategy to achieve that end is threefold:

- 1) WRTP created an equal partnership among management, labor and public workforce development agencies that is market-driven, but worker-focused. WRTP fundamentally changes the relationship between labor and management by creating a collaborative, quality-focused work environment in which workers have quality jobs with access to career paths and training and are motivated to help their employer firms improve quality and efficiency.
- 2) WRTP developed a broad but clear vision of regional economic development through firm modernization and the development of a well-functioning workforce development system. WRTP advocates for this vision and works to implement it through its programs and partnerships.
- 3) WRTP partnered with existing public institutions (technical colleges, job training programs) and created new ones (manufacturing extension) when necessary to bring resources and services to achieve its vision of a more vibrant, family-supporting local economy.

WRTP developed three service areas to help member firms make the transition to more modern manufacturing and workforce practices:

- 1) Assisting firms to implement new technologies and work processes.
- 2) Educating and training the current workforce.
- 3) Recruiting and training new workers.

These services and WRTP's strategic activities of partnership facilitation, advocacy and resource mobilization are mutually beneficial.

WRTP's in-depth services are primarily aimed at larger, unionized firms because of the opportunities to create significant jobs and to create economic growth through their substantial supplier networks. These firms are willing to work with WRTP because:

- 1) They want to modernize production in order to compete globally. They know that competing on quality, rather than on price, is a superior strategy for the long term.
- 2) These large firms know that modernization and improved product and process quality requires the cooperation of labor. They need to engage labor and reach new workplace

agreements with unions, as well as upgrade the worker training. WRTP's mission is to help them do this.

Although WRTP's services are aimed primarily at larger, unionized firms, approximately half of member firms have fewer than 500 employees, and some firms have fewer than 100 workers. WRTP's members represent approximately 60,000 workers in industrial sectors such as machining, fabrication, electronics and plastics. Forty-five percent of these workers are women and more than 25% are minorities.

WRTP successfully developed a worker-employer partnership. As of the third quarter of 2000, WRTP had 70 member firms and unions in industrial sectors. Members in other sectors and in workforce development organizations bring total membership to 100. This partnership has been successful at mobilizing state resources, advocating for policy reform and helping to strengthen and establish two key community resources: the Milwaukee Jobs Initiative and the Wisconsin Manufacturers Extension Project (WMEP).

WRTP has also demonstrated its capacity to help individual firms improve their competitiveness and retain and hire workers at family-supporting wages. WRTP has a track record of helping firms recruit and retain people who face barriers to employment.

WRTP cites the following achievements<sup>2</sup>:

- § Modernization and worker-training services to member firms supported a net gain of 6,000 new jobs between 1994 and 1999.
- § Support for recruitment and training of new workers helped over 11 firms hire 705 central city residents between 1996 and 2001. The average retention rate was 75%. Workers' annual average earnings increased from \$8,500 to \$22,500 in their first year of employment.
- § In 2000, WRTP estimates that member firms invested \$25 million in training 7,000 non-supervisory workers, 21% of whom were people of color. Services have been provided to more than 500 small and medium sized firms since 1996.
- § Helped avert two plant closings, resulting in the retention of approximately 1,200 family-supporting jobs.

Nevertheless, WRTP is a pilot program.

Lessons can be drawn from WRTP's innovative approach in tackling two key economic development problems simultaneously, and its efforts to reform the system and mobilize existing resources to serve particular firms. These include:

- § **Sector Focus:** In approaching firms, WRTP focuses on manufacturing firms that were experiencing a common set of problems. WRTP identified the main challenges to helping firms take the "high road" and designed their services around these challenges. This focus on particular sectors and problems allows WRTP staff to address specific concerns with a high degree of competence.
- § **Firm Marketing and Targeting:** WRTP mobilizes large numbers of firms through its partnership but targets in-depth assistance to firms that are most ready for change. It began working with high-status firms, whose success then attracted other members. WRTP marketed to employers the benefits of free worker training.

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<sup>2</sup> WRTP Annual Report 2000; newsletter October 2001; [www.wmep.org](http://www.wmep.org).

| § Assessment Tool: WRTP uses an effective firm assessment tool.

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| § Service Sequencing and Customization: WRTP delivers services in a sequence and in manageable segments so firms can absorb services. Although standard delivery mechanisms are used, services are highly tailored to individual firm needs.

| § Employer-Driven Workforce Development Services: Workforce Development services are designed to meet particular firm needs.

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| § Organization: Visionary leadership and staff mentoring by these leaders contribute to strong strategic thinking and organization capacity. Structure as a membership organization ensures customer-driven services. An entrepreneurial organizational culture contributes to responsive services, strong staff capacity and effective partnerships.

The most significant challenges WRTP faced in developing the program were initiating the first labor-management partnerships, working with non-union firms and getting the public sector and technical colleges to be flexible and to fully subscribe to the workforce development vision. WRTP is currently facing challenges around standardizing services delivery and developing information systems to assist increasing the scale of and replicating services in additional sectors.

## II. BACKGROUND

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During the eighties, Milwaukee lost nearly one-third of its industrial base to downsizing and relocation as firms attempted to compete in the international economy by cutting labor costs. Real wages dropped by over 12% during the same period and unemployment, particularly among inner-city manufacturing workers, spiraled upwards. Milwaukee's firms were taking the "low road" to survival in the global economy, and the public sector was doing little in the face of the crisis.<sup>3</sup> Firms with the foresight to realize that they needed to modernize their production processes were faced by unions who fiercely resisted their efforts for fear of losing wage rates, gains and benefits. Management - labor relations deteriorated rapidly, reaching a low point by the end of the 1980s.

The Center on Wisconsin Strategy (COWS) at the University of Wisconsin-Madison, decided to test its hypothesis that business and unions could work together constructively with gains for both.<sup>4</sup> The Center began a series of meetings with key labor and business leaders to discuss ways to move forward. A particularly influential union leader, Phil Neuenfeld, played a critical role in galvanizing labor's support for a partnership with business that would improve job quality and firm competitiveness at the same time. He also saw it as an opportunity for organized labor to rebuild its constituency after suffering large losses in union membership. At the same time, a number of business leaders had begun to realize that cutting costs alone was not a sustainable competitive advantage in increasingly sophisticated and competitive global markets.<sup>5</sup> They too were keen to try a different approach.

Three initiatives spurred the momentum for labor and businesses to come together:

- § The Wisconsin State AFL-CIO formed a partnership with public sector and community development organizations to establish a one-stop workforce development center focused on dislocated workers. This more system-wide approach to workforce development presented opportunities for improved employer and union collaboration with workforce development agencies.
- § The Center on Wisconsin Strategy (COWS) and the Governor's Commission on a Quality Workforce held a seminal conference, which recommended a path forward for the metalworking sector through increased firm competitiveness and worker education and training.
- § The state AFL-CIO assisted Navistar International and the Steelworkers with the development of the first workplace education center in the state to transform a traditional foundry into a modern casting facility (see text box below). This served as a model initiative for WRTP.

These events built momentum among a select group of firms and unions who acknowledged that:

- § Firms needed to modernize production in order to compete globally.

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<sup>3</sup> "Low road" refers to firms that were competing on cost alone rather than a serving competitive market niche.

<sup>4</sup> COWS is a research, policy and demonstration project center dedicated to promoting "high road" - high wage, low waste, worker-friendly and publicly-accountable economic development in Wisconsin and to disseminating lessons for wider application.

<sup>5</sup> Workers were receiving 12% less in real wages in 1989 versus a decade earlier.

§ Improved product quality required labor's cooperation in developing production improvements and re-defining jobs and re-tooling workers accordingly.

These firms and unions also recognized that the initiative required collective action in area industries and labor markets to avoid workers who receive training being "poached" by firms that do not invest in training.

In 1992, with the assistance of COWS, labor and businesses formed the Wisconsin Regional Training Partnership, as a 501(c)3 nonprofit membership organization jointly governed by labor, business and public workforce development agency members. The partnership was designed to address the long-term decline of Milwaukee's industrial base in the face of international competition. To do this, WRTP dedicated itself to supporting a high-performance workplace and the creation of family-supporting jobs in the Milwaukee metropolitan area.

### III. STRATEGY EVOLUTION

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WRTP is fundamentally a partnership of industry, labor and workforce development organizations working together to help area firms expand and to preserve and increase family-supporting jobs. Since its inception in 1992 WRTP has had a visionary, broad strategy aimed at addressing system-wide economic and workforce development issues, but its sector orientation has kept WRTP's strategy focused.

At the heart of WRTP's strategy is the partnership. To be a member of WRTP, firms, unions and workforce development agencies commit to WRTP's goal of increasing firm competitiveness with better quality jobs and agree to the following:

- § Firms agree to invest in workforce training, pay good wages and reorganize production to take advantage of greater workforce capabilities.
- § Unions agree to develop new worker skills and accept new responsibilities required in a high-performance work environment.
- § Public agencies agree to coordinate training and manufacturing extension efforts and develop a regional infrastructure to support the workforce development effort.

In exchange for this commitment, WRTP helps firms catalyze and negotiate new bargains between management and labor, links firms and unions to technical training resources and advocates for a more coordinated, better-funded workforce development system. These strategies form the foundation of WRTP's work.

#### SECTOR STRATEGY

WRTP began with a focus on the manufacturing sector because of the serious crisis it faced in 1992: declining competitive position exacerbated by an aging workforce that left key technical positions open and a labor market lacking technical skills. In addition, the manufacturing sector was large enough to have a significant impact on the region, and it included many sub-contractors as well as large firms so the impact of growth would be significant. This early focus on manufacturing established a sector strategy. WRTP's original six members were all manufacturers. Today WRTP has 100 members and is launching services in new sectors including hospitality, transport, technology and health care. Member firms and unions in each sector guide WRTP activities in that sector.

#### SERVICES

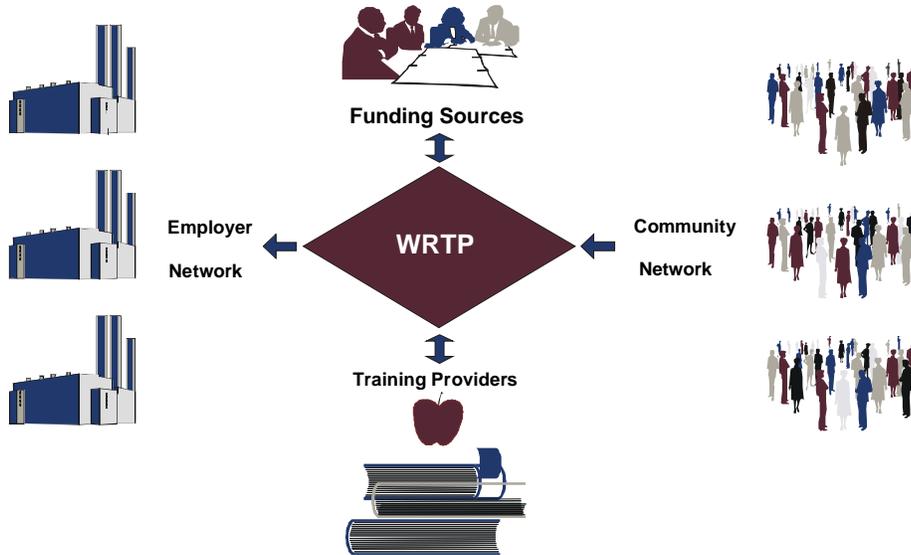
Based on early pilot experience with firms such as NAVISTAR (see Text Box 1 below), WRTP developed three key service areas, which remain its core services:

- § Modernization: helping firms reorganize production to become competitive based on quality rather than price.
- § Workplace education for incumbent workers: working with firms, workers and technical colleges to establish industry-wide and firm-specific training curricula and training practices.
- § New worker training: supporting publicly-funded job training programs that target inner city residents, people of color, displaced workers, unemployed individuals, people on welfare and youth, and working with firms to recruit and retain these new workers.

To help firms access these services; WRTP partners with technical assistance organizations and workforce development agencies.

**PARTNERSHIPS AND ROLES**

In linking firms and unions with workforce training organizations to deliver worker training, WRTP turned the typical workforce development strategy on its head. Typically, workforce development starts with an unemployed or dislocated worker, then tries to "develop a job" for that worker. WRTP starts with the firm and its existing workforce and develops training around their needs. WRTP identifies new jobs, then identifies workers and their training needs. As it attempts to reform the workforce development system, WRTP brings this market-driven approach to the overall workforce system.



WRTP's service delivery partnerships have evolved in keyways that have changed the way WRTP places itself in the workforce development system. First, it became clear early on that there were few resources available to provide firm modernization services. WRTP helped form the Wisconsin Manufacturing Extension Partnership (WMEP) to provide these technical services. Second, after some time, it became clear that linking training institutions and employers was insufficient to develop the training that firms and workers needed. WRTP consequently became a contractor of services to technical training institutes. Third, it was assumed that technical training institutes and community-based organizations would be the main source of people in need of training and searching for new job opportunities; however, in the context of radically-shifting workforce policy and the tight labor market, WRTP began to understand the need to be more proactive in mobilizing community-based resources to identify and support new workers.

WRTP now sees itself as a central facilitator of key systems that must work together to implement the strategy of helping firms take the "high road" to economic survival. This strategic perspective is presented in

The diagram above and illustrates how WRTP is attempting to develop both the demand for high-quality jobs and the supply of high-quality workers.<sup>6</sup>

The newest area in this model for WRTP is in playing a role in mobilizing the community partners, being more proactive in recruiting potential workers and mobilizing necessary support to increase worker retention. In playing a central facilitative role in connecting and coordinating these networks, WRTP is hoping to build a wide-reaching workforce development system in the state.

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<sup>6</sup> WRTP Annual Report 2000.

#### IV. PROGRAM DESIGN: TARGET GROUP AND SERVICES

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##### TARGET GROUP

WRTP's two constituencies, workers and employers, have often worked at cross-purposes. WRTP is helping them to work together to achieve their different goals. WRTP:

- § Helps established workers maintain family supporting jobs.
- § Helps new workers and the working poor gain access to family-supporting jobs.
- § Helps firms increase competitiveness and grow so that they create family-supporting jobs.

WRTP often helps these constituencies indirectly. For example, workers are helped through their unions, through workforce development partner agencies and by working with firms. WRTP has a more direct relationship with firms, but its role is mainly to facilitate the provision of services by other organizations.

WRTP's 100 members include: firms, unions and workforce development agencies. Seventy percent of members are in the manufacturing sector; the remaining 30% are in sectors new to WRTP: hospitality, transport, technology and health care. These members represent around 60,000 workers in industrial sectors such as machining, fabrication, electronics and plastics. Forty percent of these workers are women and more than 25% are people of color. All members benefit from the commitment to take the "high road", and from the networking and knowledge-sharing that comes with being part of WRTP. Annually, WRTP provides in-depth services to more than 20 firms and reports that all members have received in-depth services at some point.<sup>7</sup>

WRTP's employs an informal but strategic marketing strategy to recruit members and to select firm-union partnerships to target with in-depth services. WRTP's strategy begins by targeting leaders in the industry whose unions and management are ready for change and whose management is truly ready for workers to participate in key decision-making processes. WRTP combines systematic firm assessment with informal information received from union members to select firms. In general, these lead firms are large firms.

WRTP realizes several benefits from targeting large firms:

- 1) They are leaders, and where they tread, others follow.
- 2) As sophisticated customers, they are demanding on WRTP, which in turn has made WRTP far more responsive and quality-conscious than it might have been otherwise.
- 3) These larger firms, especially as a unified voice, have clout when it comes to discussing policy and funding issues with government actors.
- 4) These larger firms are often the main buyers from smaller firms and WRTP believed that it could reach smaller and often non-unionized firms through their subcontracting relationships with larger firms. WRTP assumed that there would be resistance from unions as non-unionized firms would be drawn into the partnership. However, WRTP expected

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<sup>7</sup> Annual Report 2000; SAS interview with WRTP, 2001.

major willingness to participate on the part of large firms since 80% of production cost comes from the supplier base, which is often made up from non-unionized firms.<sup>8</sup>

Once the selected leading larger firms were on board, they mobilized other members in the sector. In addition, once WRTP had several successful experiences, its reputation began to grow and membership increased. Currently, approximately half of WRTP members have fewer than 500 employees. Recently, demand for services in sectors other than manufacturing has pressed WRTP to expand into several new sectors.

Although WRTP typically focuses on larger, unionized firms, it has a policy to target any employer that offers family-supporting jobs. Once unions have bought into 'change,' the opportunity for economies of scale are significant as their entire membership base can potentially become part of the solution. Economies of scale are also achieved by picking larger firms. One strategy that WRTP employs to reach small firms, who tend to be non-union, is to work with large firms to improve supplier quality. Another is to refer small firms to WMEP, which WRTP helped found for that purpose. Although the bulk of services are targeted to larger, union firms, WRTP sees small firms and non-union firms as part of the system and includes them in their overall strategy. Finally, although their main services are targeted to large, union firms, aspects may be applicable to small enterprise development initiatives as well.

#### IN-DEPTH SERVICES

WRTP's services and service delivery model have been piloted and WRTP is in the process of systematizing service delivery. WRTP has provided in-depth services to a small number of firms, primarily through partnerships. Although each firm's experience has been different, WRTP generally begins by helping firms and unions negotiate new labor agreements and follows with modernization, incumbent worker training and new worker training services.

WRTP's lead service is direct assistance in negotiating union-firm agreements that position the firm for production reorganization without union resistance, as well as increasing worker training and skill development. WRTP usually assists firms to negotiate new bargains with unions that eliminate previous job categories, allowing for the reorganization of production so that firms will be able to modernize production. In addition, the new bargains give workers a voice in production reorganization. They often provide guidelines around worker training and related promotions: who has access, in what order, what training and certification is required for various positions, what aspects of training are kept confidential from employers, etc. These agreements create ongoing working relationships between management and labor that is much more flexible than previous agreements and provides workers with more influence on key decisions in the firm.

WRTP's other services are developed on a firm-by-firm basis, in response to the needs of firms that emerge once the new agreements are in place. Firms are usually interested in subsidized worker-training, a service that drives firms to WRTP.

#### MODERNIZATION

Once member firms and unions have reached agreement to participate in collaborative modernization and workforce development, WRTP helps firms set production modernization processes in motion. WRTP

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<sup>8</sup> Working with suppliers remains one of WRTP's largest challenges.

subscribes to a "continuous quality improvement" approach to production improvements in which workers are engaged in improving quality and efficiency on an on-going basis. WRTP's strategy for ensuring worker participation is to work with firms to establish participatory structures to oversee the production change process. For example,

- § A steering committee of workers and managers from a range of levels and positions can be established to oversee the modernization process. WRTP is often involved in selecting individual representatives who are likely to be positive leaders in the change process.
- § Peer networks of individuals in the same position communicate with workers about the change process and help engage workers in the changes that are taking place.

The drive for worker participation stems from the need to obtain information from those individuals who have the most knowledge of the firm's production processes. These workers are critical in helping managers redesign and streamline their processes to improve quality and decrease costs. In addition, their participation is important to ensure that worker interests are protected in the process. These selected representatives serve as a valuable linkage between WRTP and the firm to identify services and drive service delivery.

Finally, worker participation in the modernization process often results in benefits beyond resolution of the initially identified problem. Using this approach is the first time many managers have ever involved their employees in solving problems in a meaningful way. If the services are successful in delivering valuable results, particularly by increasing profits, the experience generally opens similar opportunities for solving other problems through worker-management interaction. Workers are thus empowered and gain exposure through this participative approach. Importantly, everyone on the team is acquiring new skills, such as communication, management, problem-solving or hard-core technical skills. Workers that "shine" in this process also have more upward mobility opportunities. Having an outstanding facilitator that knows the manufacturing shop floor environment well is key to achieving these results.

To train workers to engage in a continuous quality improvement process and to provide technical assistance to firms undergoing modernization, WRTP relies heavily on the Wisconsin Manufacturing Extension Partnership (WMEP). WRTP invests substantial resources in WMEP, which in turn, helps to leverage additional federal funds for the partnership. WMEP's goal is to help small and medium sized firms increase productivity and compete in the global economy.

WMEP provides consulting and training services. Consulting services are offered in:

- § Individual firm assessments
- § Audits
- § Benchmarking against industry standards
- § Supplier training
- § Technical assistance in a wide range of manufacturing areas<sup>9</sup>

WMEP offers 30 training courses and workshops; for example, Business Management, People Systems, Quality Management, Lean Manufacturing and World Class Manufacturing. The courses are one to two-day workshops costing between \$25 and \$260. The focus is on leadership, quality management, customer service

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<sup>9</sup> For example: Finance, Health & Safety, Industrial Marketing, Information Technology, Quality Systems, Strategic Planning, Team Training, Cycle Time Reduction, Lean Manufacturing, Materials Management, Kaizen, Plant Layout, Workforce Issues, Family Ownership Issues, Training, Automation, Product Development, Management Development, Scheduling, and Research & Design.

and modern production organization and management. Worker participation is essential to WMEP's approach.

In addition to helping large firms access production modernization services, WRTP encourages large firms to include their supplier network in the modernization process. In some contexts it is controversial to support suppliers, for example, when unions are contesting the planned outsourcing of some functions previously handled in-house to non-union firms. However, when outsourcing issues are not under contest, WRTP views upgrading of small to medium sized suppliers as an integral part of the workforce modernization process for three reasons. First, it is important that the quality and reliability of supplies be increased when original equipment manufacturers modernize and improve their quality. Second, unions will continually be threatened by sub-contracting if workers in non-union supplier firms receive lower wages and fewer benefits, including access to training. Third, WRTP's vision for a well-functioning workforce system is one in which some workers begin their careers with suppliers and work their way up to the larger firms. Thus, from WRTP's perspective, the suppliers need to be part of the new workforce system.

WRTP works with WMEP to offer supplier-upgrading services. WMEP sells services to help firms modernize and compete, and in the process, develops improved working conditions. WMEP approaches supplier education differently from typical small business development. As described by WRTP, typical targeted assistance to small and medium firms a) relies on persuasiveness of individual consultants and on public subsidies and b) reaches a limited number of firms. What is needed is firms working together in a dense network with capacity building for small firms in the context of their existing market relationships. This is the rationale behind targeting small to medium sized firms in the context of their role as suppliers to larger firms.

WRTP's prerequisite for supplier upgrading is worker security, good wages and advancement opportunities and collaborative work processes in the buyer firms. Once this is well developed, WRTP gets agreement between labor and management in buyer firms on how to determine outsourcing patterns. In return, unions agree to work with supplier firms to build capacity. Buyers identify suppliers who are willing to commit to the WRTP principles. WMEP provides consulting services and works with the technical college to train suppliers in continuous quality improvement, worker training and other modernization processes. WRTP also supports worker representation in the supplier firms.

#### WORKPLACE EDUCATION

WRTP's workplace education services go hand-in-hand with its modernization efforts. By working with WRTP and member technical colleges, firms can benefit from ready-made course packages that are relevant to their industry and develop firm-specific training at the same time. The specific training packages developed focus on three key areas:

- § Basic skills related to continual learning: This training teaches new employees the importance of quality, safety, efficiency, attendance at work, learning, networking, problem-solving and conflict resolution with respect to the specific industry.
- § Process skills related to continuous improvement: This is a high priority area for firms. It includes topics such as basic quality, quality tools, team building, flow technology and workplace economics.
- § Technical skills related to new technology: This area is very industry-specific, and sometimes even firm-specific.

The case of Harley-Davidson provides a useful illustration of a WRTP initiative that worked with suppliers. The company and union leadership make strategic decisions about the core competencies of the company and thus strategic make/buy decisions. The largely self-directed teams on the shopfloor make tactical decisions about subcontracting work when, for example, they reach an internal capacity bottleneck. (WRTP Annual Report, 1999)

WRTP has developed a vision for a "Mature Certification System" for particular industries with six levels, from a basic skills certificate through to a bachelors degree. The training system is accompanied by new job categories that allow workers to follow a corresponding career ladder.

Because training leads to certification, which leads to access to work positions, it is a sensitive area for workers and management. WRTP workplace training strategies follow some common basic principles that make them successful: on-site training, open-entry and exit, training modules customized for individual needs, standard training packages and skill certifications, confidential training records, universal access, compensation for training time and training and promotion opportunities that respect worker seniority. These elements make training more palatable for workers, help provide fair and easy access and create transparency to ensure that management does not use training as a means to unfairly dismiss or demote a worker, and to protect management from such accusations.

#### NEW WORKER TRAINING

WRTP's activities in support of new worker training have three components: sector-focused basic skills training, early warning systems for displaced workers and outreach to public schools:

- 1) In 1994, the Private Industry Council and the Milwaukee Area Technical College developed a model machining training program, from which other training courses have evolved. It is a 14-week employment-linked training program for new entrants to the labor force with guaranteed jobs upon completion. The vision is that any employer in the industry will be able to access workers with four months notice without poaching from other firms. WRTP supported the development of the Milwaukee Jobs Initiative (MJJI) that has funded and replicated this sector-focused training approach. WRTP works with the MJJI to help job programs provide relevant training and to link firms to sources of new employees.
- 2) The WRTP developed an early warning system to detect potential lay-off situations in order to prevent them or prepare for an influx of dislocated workers.
- 3) The WRTP is working with local public high schools to develop trade curricula and to raise awareness of the potential of a career in manufacturing. The following example from WRTP's annual report illustrates how incumbents worker training is more effective when combines with a system-wide initiative.

#### Gerett Products and Steelworkers Develop an Alternative To Temp Agencies

"The WRTP has helped Gerett Products and the United Steelworkers of America improve their recruitment and retention of production workers. Managers and labor leaders worked together to develop a model mentoring program that has reduced turnover by 25%. Their success in finding qualified workers through our direct placement and pre-employment training programs has encouraged the company to turn their temporary jobs into full-time positions. The union wage and benefit package is offset by their substantial savings on the billing rates of temp agencies, elimination of the finder's fees, reduction of turnover costs and improvement of quality, productivity and other measures of performance. Several other member companies have already expressed an interest in working with their unions and the WRTP to replicate the pilot project in their workplaces." (WRTP Annual Report, 1999)

WRTP's approach to new-worker training contains three innovative features:

- § Allowing available jobs to drive the training and worker identification process.
- § Participation of blue-collar workers as guest speakers in training courses.
- § Establishing mentorship programs in employer firms to support worker retention.

These are described below.

First, WRTP's overall approach to training new workers is the opposite of most workforce development organizations. Most organizations start with unemployed workers, then invest in training and then attempt to find that worker a job. WRTP starts with the firms who have the jobs, then develops relevant training and then seeks workers to fill these positions. The result is that workers are screened and placed prior to training.

Second, an important factor that aids WRTP success in training entry-level workers is that WRTP encourages training partners to use blue-collar workers in appropriate professions to describe and talk about the job in detail. There are two benefits to this: a) the job applicant identifies with the worker and thinks, "if she can do it, so can I," and b) the worker gets a more real and meaningful description from the worker as to what the job entails.

Third, another innovative feature of WRTP's new worker training initiative is developing mentorship programs at employer firms to support worker retention. WRTP facilitates mentorship programs in firms and trains mentors. These mentors are co-workers in the company who have some natural leadership skills, are respected by their colleagues and are able to communicate well across different levels, but particularly with entry and lower-level workers. The benefit for employers is the promise of lower turnover, absenteeism and training costs and higher motivation among workers. WRTP offers the mentorship program for free to firms who commit to hiring workers from the inner city.

Through the mentorship program, workers have a "friend" in the workplace who is looking out for their interests and who can advise and sometimes represent them when it comes dealing with management. Mentors also identify and help workers acquire the skills they need for the job. WRTP found that the last person that workers want to acknowledge their skill deficiencies to are their managers or human resources staff for fear of losing their job or being thought of as not competent. Mentors can more easily intermeditate in this regard. Finally, WRTP puts mentors in touch with one another through mentor networks, both within and across companies, so that they too can learn, share experiences and grow in the workplace.

## V. SERVICE DELIVERY

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WRTP delivers its services primarily through partnerships; its primary role is strategist and broker.

### STRATEGIST

WRTP develops strategies at three levels: the workforce system level, the sector level and the firm/union level. These strategies guide WRTP activities and partnerships and mobilize other stakeholders to work toward a common goal.

In addressing the collective regional challenge of workforce and economic development, WRTP envisions system-wide change, which requires engaging in policy advocacy, supporting program replication in the region and motivating other communities and sector leaders to engage in the regional workforce and economic development strategy. WRTP has been active in mobilizing public policy support for employers, unions and their communities since it began in 1992. WRTP played a key role in expanding training programs for the current workforce, founding the state's consulting service for small manufacturers (WMEP), creating the state's youth apprenticeship program in manufacturing and establishing a central funding agency for employment and training programs for central city residents (Milwaukee Jobs Initiative ([www.mji.org](http://www.mji.org))). WRTP helped achieve substantial state budget funding to address the current shortage of skilled workers. WRTP recently conducted a needs assessment of manufacturers and unions around the state, and held a public forum to share results and determine how the problems should be addressed. The conference resulted in the Governor's Task Force on the Future of Technical Education and Training, chaired by WRTP's co-chairs, to address the competitiveness and workforce issues in the state. WRTP also founded the Wisconsin Modernization Institute to support the expansion of WRTP and its replication in other sectors and regions of the state. In addition to fundraising, the Institute is hosting the WRTP website, developing workforce training guides and highlighting effective models for workplace change.

In addition to this system-level strategy, WRTP develops more specific workforce development strategy at the sector level. For example, prior to becoming involved in the manufacturing sector, WRTP made sure that it had a thorough understanding of the sector and had identified key problems and constraints that were shared by a number of firms. It did this by reading industry research, hiring staff who had worked their way into management positions from blue-collar jobs in the industry and talking to key actors. WRTP then secured the interest and commitment of a large enough share of firms, by using a couple of high-standing industry and labor leaders to help galvanize the support of others. These members then continuously advised WRTP staff on their activities in the sector. This experience in the manufacturing sector established a precedent for the development of additional sector strategies. WRTP has organized member task forces on specific sectors that it identified.

WRTP developed and disseminated an effective strategy to turn the financial and employment around for area firms and unions taking the "high road".

### BROKER

WRTP's second main role is brokering services to firms. The services, as described above, include production modernization, worker training and new worker training. WRTP delivers these services by assessing firm needs, consulting with firms to specify service needs and establish internal worker-management participation structures and partnering with other organizations to provide the services. WRTP was founded on the notion

of partnership and always intended to bring together existing resources in workforce and economic development. WRTP has also developed additional resources when needed.

#### NEEDS ASSESSMENT

WRTP's industry consultants use a detailed needs assessment tool to help identify services member firms might need. WRTP conducts a need assessment of 500 companies on a regular basis. The assessment tool is different for each sector but follows the same basic outline. The deputy director of WRTP says "this is probably the most valuable single tool that WRTP uses." It allows for the industry consultant, as staff member, to enter a firm and gather key information from all levels of management and workers. It is often more "what they see" versus what they hear that tells the story of workforce relations in the industry and where most help is needed.

This assessment tool covers all aspects of workforce development ranging from wages, to turnover, to productivity, to source of labor pool, to training budget and investment in staff. WRTP staff are then able to effectively identify highly-relevant services and to engage the actors in the organization that have capacity to make things happen, whether it is the CEO, human resource manager, union representatives or someone else. WRTP's industry consultants then approach labor and industry representatives with a specific proposal to provide workforce services (e.g., to develop strategic plans for implementing new technologies, work processes, worker education and training programs, as well as recruitment and retention strategies).

Although it is not stated upfront, WRTP staff often engage labor (the unions) informally to get their view on an issue or to discuss what area to focus on first before talking to management. Labor union representatives thus play a critical role in identifying the problems that firms were facing in the recruitment of entry-level workers and the replacement of skilled manufacturing workers. Once WRTP has a clearer understanding of the problem, employers are then approached with something that labor has already bought into and is ready to discuss. This approach is used when there is already a basic level of trust between employers and workers. Where this trust is not yet established, it is really important to have both parties present at all meetings right from the outset, to allay any suspicions that they might have of one another or the process.

#### USING PARTNERS

WRTP engages in partnerships to deliver services to firms. In these partnerships, both partners have a specific, often financial, interest, and there are systems in place that pressure providers to deliver high-quality services. These partnerships are in modernization, workforce development and job applicant recruiting.

To provide firms with production modernization services, WRTP partners with WMEP.

WRTP helped to found WMEP and provides on-going funding and guidance. To receive manufacturing process improvement services, WRTP members are generally referred to WMEP, which then provides the services for a fee. WMEP also independently serves small and medium sized firms. WRTP benefits from members receiving services because client firms are engaging in production changes that improve their costs and quality, and WMEP benefits from attracting more clients who pay for services. In addition, the clients of the firms also benefit from high-quality, subsidized services. WRTP members put pressure on WMEP to perform because they pay for the services.

WRTP is even more proactive in its partnerships to provide workforce development services. WRTP works closely with technical colleges, training institutes and other nonprofit training organizations to help them design curricula specific to a firm's needs. WRTP also works with these organizations to match new workers to job opportunities so that everyone is trained for a specific job.

When WRTP started, they attempted to work closely with training organizations to accomplish these objectives as equal partners. WRTP experienced challenges in getting the training organizations to be responsive to industry needs. Now, WRTP applies directly for funding from grantors for specific projects to train new and incumbent workers. WRTP then finds partner agencies to fulfill the work required by them. WRTP thus controls both the funding and the agenda. It then uses its partners in the training networks to implement parts of its programs. For example, one of WRTP's client firms may need to hire workers with a specific type of metalworking skill. WRTP will raise funds from the state and subcontract the local technical college to develop and deliver a curriculum to potential new employees of the business client. This contractual structure gives WRTP the ability to "pull in" the services it needs, tailored to specific client needs, and accountable to WRTP.

Although workforce training and education partners lose some control with this arrangement, they benefit from being able to access additional funding through WRTP. They are also able to have a far closer connection to the business sector's workforce needs, again because of WRTP's involvement, than otherwise would have been the case. This improves their job placement and average graduate wage rates.

The final type of partnership has been a struggle for WRTP. WRTP has relied on organizations and community-based organizations to refer unemployed and under-employed people to WRTP for training and placement in member firms. WRTP has not actively recruited potential workers. In the tight labor market and shifting welfare and job training policy environment, it has been challenging for training organizations and community-based organizations to identify and refer people to WRTP. As a result, the number of new workers trained and placed by WRTP has been lower than planned. In addition, WRTP finds that workers from the inner city who become employed in the suburbs require more support services than are currently offered on a consistent basis in order to overcome, social, logistical and financial barriers to work. This is a challenge for all organizations in the field. WRTP is addressing this challenge by developing a more formal partnership with one organization that will focus explicitly on recruiting WRTP trainees, facilitating their eligibility determination and arranging their social services on behalf of WRTP. Thus, they are moving to a more business-like partnership in worker recruitment as well.

## ORGANIZATION

WRTP, despite being eight years old at the time of writing, was quite small until 1999, when it began to expand from manufacturing into other sectors. Membership and staffing has more than doubled since 1999. WRTP's fundamental structure and services have remained consistent during this change, although the organization is facing challenges typical of organizations experiencing rapid growth and the need to standardize systems in order to replicate efficiently and effectively.

## LEADERSHIP AND STAFFING

WRTP was founded by a visionary leader who effectively transferred leadership to a second generation of leaders. Phil Neuenfeld, who was at one time the Shop Chair at General Electric, became involved in community organizing through church and community housing initiatives. He developed into a powerful labor leader and founded WRTP based on the belief that workers and managers could work together to help firms remain competitive and sustain family-supporting jobs. He initiated the pilot partnership with Navistar International that formed the model for WRTP. His connections among labor leaders and his reputation among firms for creating winning solutions to labor-management conflict brought together a powerful combination of labor and manufacturing leaders to form the initial six-member partnership and attract subsequent members. In addition, his connections with COWS and with policymakers in the capital were essential to mobilizing financial support for WRTP and for attracting workforce development players to the partnership. His subsequent role as a board member in mentoring Eric Parker and Rhandi Berth, and in

passing on his relationships to them, was essential to endowing WRTP with on-going effective leadership. He remains on the board of WRTP and plays key advocacy roles.

Eric Parker, the current WRTP Executive Director, participated in the formulation of the original WRTP vision and the launching of WRTP as a technical advisor and research with COWS. He provided the technical rationale and articulated much of WRTP's early strategy to policymakers, industry leaders and funders. His industry knowledge and relationships were largely passed on to him by Phil Neuenfeld and Rhandi Berth. He leads WRTP now with the vision of replicating the successful manufacturing experience to other sectors.

Rhandi Berth, who spearheaded and still leads the manufacturing services program at WRTP, came to WRTP with extensive experience and relationships in manufacturing. She is a welder who worked her way up to management positions and is able to interact comfortably and credibly with both sets of partners. This industry experience, particularly as a tradeswoman, has provided Ms. Berth with insider perspective. She knows the production issues, what it is like to enter unions and manufacturing firms as an outsider and what it is like to try to manage change and reach production goals. Managers and unions trust her and she is in a strong position to assess production and workforce needs. Phil Neuenfeld helped her build additional leadership skills and Eric Parker helps her to synthesize her experience and understanding and make strategic decisions.

These leaders have developed the WRTP approach in the manufacturing sector. They have help recruit new staff who also have industry experience as workers and managers. Their challenge is to systematize the approach so that it is easily replicated in the other sectors that WRTP is developing.

#### STRATEGY DRIVES STRUCTURE

WRTP is a membership organization: a partnership of labor, management and workforce development agencies that focuses on particular sectors. Its structure gives members maximum control over WRTP's activities and allows for effective strategy development for its target sectors.

Unions and employers take the lead in setting WRTP's agenda through steering committees established for each target sector. The steering committees are comprised of corporate and union leaders in the industry and serve to:

- § Analyze industry trends and identify modernization and workforce training needs.
- § Mobilize additional firms and unions in the sector to become involved in WRTP.
- § Guide the system-wide development of relevant training courses, certification and career ladders for workers.

WRTP also created peer networks to help solve specific industry problems. These networks were functionally and sectorally organized (e.g., human resources peers in the hotel industry) and have significant autonomy. The sector and peer networks not only set strategy, but also pressure members to implement their commitment to the "high road". They helped facilitate transparency and accountability among members and promote healthy competition between firms to be an "employer of choice."

The sector committees link members to staff and therefore drive services. Each steering committee is staffed by one staff member at WRTP. These industry consultants work very closely with the steering committee to develop and implement strategy and develop key partnerships. They also work directly with firms to facilitate the provision of new work processes and services to which parties agree. These consultants also work very closely with their colleagues in WRTP who are responsible for training new and incumbent workers and placing workers in entry-level positions. This alignment of member priorities with WRTP services and staff,

create a system through which industry drives training. It is critical to WRTP's success. At the same time, the close interaction between steering committee and staff create a challenging dual accountability structure as staff also report to Eric Parker, the Executive Director of WRTP.

#### ENTREPRENEURIAL ORGANIZATIONAL CULTURE

WRTP has benefited from an entrepreneurial organizational culture. The working atmosphere at WRTP is characterized by:

- § Highly decentralized activities.
- § Frequent and informal interaction among staff.
- § Constant networking and interaction with existing and potential partners and external organizations.
- § Freedom to innovate.
- § Autonomy to pursue external relationship and partnerships.
- § High degree of technical competence and industry knowledge.
- § Dedication to the mission and vision: preserving and creating family-supporting jobs by increasing firm competitiveness
- § A "can-do" and "get-it-done" atmosphere.

These characteristics of WRTP's organizational culture promote client responsiveness, rapid response to market changes, flexible service design and delivery, continuous staff learning, innovative and new partnerships with a variety of organizations and innovative problem solving.

WRTP is now at a stage where service standardization and systematization are needed in order to increase scale and replicate. Its challenge will be to accomplish this and retain its entrepreneurial culture.

## VI. PROGRAM PERFORMANCE

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Performance assessment is a significant challenge for WRTP. Observations of the program in operation, anecdotal evidence and interaction with WRTP customers confirm the organization's positive impact and the promising potential of its innovative model. Because of its structure in which members play an active role in directing WRTP activities, there are systems in place to pressure WRTP to serve member interests. WRTP also makes some basic estimates of aggregate impact data. This lack of better data is a challenge for WRTP, and WRTP is taking specific steps to develop improved data collection and reporting. WRTP is almost entirely grant funded.

### FINANCING AND SUSTAINABILITY

In 2001, WRTP carried out its work through a combined \$1.3 million budget generated primarily from donor funds. [In 2000, non-grant revenue represented 1% of total income.](#) Like most nonprofit organizations, WRTP maintains its data on a fund accounting basis (e.g., based upon primary funding sources). As a result, revenue and expense are not categorized by service. The organization plans to implement an information system that allows for enhanced analysis of its service delivery including rates of self-sufficiency, efficiency and productivity.

Even without detailed cost and sustainability information, WRTP is aware of a need to change its funding strategy as it expands. To date, most funding has been for pilot initiatives; now, WRTP is exploring avenues for funding ongoing services delivery. WRTP has recently hired several fundraisers and is considering many options for earning revenues. These include:

- § An application fee for potential workers.
- § Flat annual membership fees for employers.
- § Graduated employer membership fees with corresponding levels of service.
- § Placement fees paid per worker by employers.
- § Placement percentage of starting wages or price-cost margin build-in.
- § Incumbent worker skill upgrades by fee-for-service.
- § Corporate retention assistance fee on a paid-use basis by local or state economic development teams.
- § A fee-based WRTP Training Institute.
- § Consultation fees/speaking honoraria.
- § Advertising in agency publications.

WRTP is most seriously considering charging fees to firms for new workers recruited and trained and charging fees for training other organizations in the WRTP approach.

SCALE AND OUTREACH

WRTP has spent years fine-tuning its innovative and complex service and partnership model. It has recently expanded its membership base to 100 firms, unions and workforce development organizations. In 2000, these members represented 60,000 workers in industrial sectors and additional workers in other sectors. Forty percent of the industrial workers are women and over 25% are people of color. In addition WMEP serves more than 20 small and medium enterprises per year.

IMPACT

WRTP cites the following achievements:

- § Modernization and worker-training services to member firms supported a net gain of 6,000 new jobs between 1994-1999.
- § Support for recruitment and training of new workers helped over 11 firms hire 705 central city residents between 1996-2001. The average retention rate was 75%. Workers' annual average earnings were raised from \$8,500 to \$22,500 in their first year of employment.
- § In 2000, WRTP estimates that member firms invested \$25 million in training 7,000 non-supervisory workers, 21% of whom were people of color.
- § Helped avert two plant closings, resulting in the retention of approximately 1,200 family-supporting jobs.

WRTP tracks firm investments in training because WRTP is often instrumental in creating the learning centers that firms then choose to invest in over the long run. Investments in training are also indicative of WRTP's success in convincing firms to take the "high road" to survival by investing in their workforce.

Although WRTP directly tracks worker trainee data on a regular basis, they do not collect firm-level impact data on a regular basis. Rather, WRTP estimates current impact based on a firm survey conducted by COWS in 1998 and current demographic information provided by member firms. Combined, this data is illustrative of the actual impact WRTP may be having.

In addition, WMEP, which is founded and funded by WRTP, estimates the following impacts:

Increases in Sales	\$18,402,570
Savings in labor and materials	\$4,724,239
Expense avoidance	\$2,718,570
Inventory cost reduction	\$755,000
Jobs created	74

In addition, the impact of the program can be illustrated with particular firm success stories such as the ones presented earlier in this paper and the two presented below.

#### Bremer expands time, space and profit

Improving production time, expanding facility capacity and increasing profit is no small feat. But it is exactly what Bremer Manufacturing Company achieved with the help of WMEP. Bremer Manufacturing Company, with 90 employees, manufactures aluminum sand castings. A management change motivated family-owned Bremer to take a closer look at their business plan. A brochure that outlined WMEP resources led them to call WMEP. "We wanted to change our long-term business plan. We wanted to improve. We saw that WMEP could help us do that so we contacted them," explains Glen Laehn, Bremer's Director of Operations.

WMEP consultants performed a comprehensive assessment to uncover areas for potential improvement. WMEP advised a reorganization of workers and machines. Bremer implemented a cellular flow layout that increased teamwork and moved people to where the work is. Bremer was greatly impressed with the knowledge and expertise of WMEP field agents. "WMEP's staff is their greatest resource. They are insightful, intuitive and good at implementing discipline," said Laehn. With the help of WMEP, Bremer was able to increase productivity through reducing throughput time by 50%, set-up time by 25%, unplanned downtime by 25% and scrap rate by 14%. On-time delivery to customer want-date increased from 70% to 92%. "WMEP organized a successful effort for an overall improvement of our processes," said Laehn. [www.WEMP.org](http://www.WEMP.org)

## VII. LESSONS LEARNED AND CHALLENGES

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WRTP is an innovative model for pursuing economic development by proactively helping firms to increase competitiveness in global markets while preserving and increasing family-supporting jobs. The model shows promise for effectively delivering business development and workforce development services while reforming the overall workforce development system so that it is more responsive to firms and workers. The WRTP vision is complex to implement. WRTP has taken years to develop specific services, service delivery models and organizational structures. The effectiveness of this model is evidenced by anecdotal information. WRTP's challenge is to standardize the model and systematize delivery, in order to increase scale and successfully replicate its success in manufacturing to other sectors.

### LESSONS LEARNED

#### STRATEGY

- § WRTP works off the premise that it is *businesses*, not workers, that create jobs. The program operates *as closely as possible* to businesses in order to fulfill its workforce development mission.
- § In approaching firms, WRTP focused on manufacturing firms that were experiencing a common set of problems caused by the increase in global competitors, both on price and on quality. They developed a strategy to help firms compete in global markets and maintain family-supporting jobs by increasing quality and productivity, rather than competing on cost. This is referred to as "taking the high road."
- § WRTP identified the main challenges to helping firms take the "high road", and designed their services around these challenges. For example, labor agreements that limited production re-engineering, the need for workers training, the challenge of firms investing in worker training only to have workers poached by other firms, the need for new workers to replace retiring, highly-skilled workers, etc.
- § WRTP established an innovative partnership of unions, employers and workforce development organizations to drive and govern the "high road" strategy. WRTP built an equal partnership based on the self-interest of management and labor. Firms wanted to improve their competitiveness, and unions wanted higher job retention and better job quality. WRTP approached the manufacturing sector at a time of crisis.
- § WRTP and its partners play an instrumental role in influencing and helping policymakers to create a state-wide, well-functioning workforce development system.
- § WRTP also works at the firm level to address both competitiveness and workforce development issues.
- § It focuses on particular sectors in order to address specific concerns with a high degree of competence.
- § It delivers its wide range of services through partnerships and by mobilizing existing resources, rather than attempting to deliver services with a limited staff.

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#### TARGET GROUP AND SERVICE DELIVERY

§ WRTP mobilizes large numbers of firms through its partnership, but targets in-depth assistance to firms that are most ready for change. It began working with high-status firms whose success then attracted additional other members.

§ It markets the benefits of free worker training to employers.

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§ It targets large firms with the potential to create significant jobs and have an increased impact because of their large supplier networks of smaller firms. This has the added benefit of the large firms' customers demanding quality services.

§ WRTP uses an effective initial assessment tool that gives staff an immediate understanding of labor-management dynamics and workplace processes prior to delivering services.

§ WRTP delivers services in a sequence and in manageable segments so that firms can absorb services. The labor-management bargain comes first, along with firm assessment and the establishment of worker-participation structures within the firm. According to the firms' needs and degree of production modernization, incumbent worker training or recruitment and training of new workers follows.

§ Although standard delivery mechanisms are used, services are highly tailored to firm needs.

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§ Workforce development services are designed to meet particular firm needs; new workers are identified and trained for particular jobs; blue-collar workers act as role models and "quasi-trainers" to explain to potential new hires what the job is about; mentorship program support worker retention.

§ WRTP uses incentives for firms to hire from the inner city.

§ WRTP contracts with worker training suppliers to ensure the customization of worker training to employer needs.

#### ORGANIZATION

§ Visionary leadership, with capacity and connections in multiple fields of expertise, was instrumental in developing a strong strategy. This leadership transferred their skills and connections to subsequent leaders and staff, who also had strong and diverse experience and connections. This built WRTP's capacity to implement the vision.

§ WRTP's structure as a partnership in which firm and union members drive services pressures WRTP to be customer-driven and to design firm modernization and workforce development services that meet customer needs.

§ WRTP's entrepreneurial culture provides a supportive atmosphere for developing responsive services, innovative partnerships and keeping staff up-to-date on market and workforce development trends and issues.

#### CHALLENGES

Although the WRTP strategy holds promise for accomplishing two key community development objectives in a coordinated and effective manner, WRTP's vision is also complex and challenging to implement. Some of the challenges facing WRTP as it attempts to replicate and expand include:

- § Coping with scale: WRTP is currently expanding its program substantially. Staff realizes that they lack the standardization and systems to institutionalize processes and learning as they grow.
  - § Funding stabilization: WRTP needs to develop a broader revenue base given that a significant amount of its funding has been for pilot projects, and not for the ongoing delivery of services.
  - § Changing employment environment: Now that the economy has shifted from growth into recession, WRTP will have to cope with a changing economic environment and its impact on workforce issues. WRTP is also currently facing the challenge of strengthening worker recruitment systems, navigating the complex and rapidly changing regulations around welfare-to-work and workforce development policies, and helping to support workers who face barriers to employment in their new working environment.
  - § Achieving public sector reform: From the big issues of welfare recipient eligibility for training to getting technical colleges to adapt existing curricula, a "can-do" attitude and a large dose of persistence is needed, according to Rhandi Berth.
  - § Working with both smaller supplier and non-union firms: Without union representation, it can be challenging to get candid worker opinion. WRTP has traditionally focused on union firms and is using this experience to approach their work with non-union firms.
- | § Implementing a sustainable business model based on third-party contracts, employer contributions and, perhaps, service fees.

## VIII. CONCLUDING REMARKS

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WRTP represents a promising approach to tackling both small firm growth and success and workforce development in a manner that promotes regional economic stability and preserves family-supporting jobs. WRTP gathers relevant organizations in the public and private sector and challenges them to work in synergy for the ultimate benefit of workers. The challenge is immense and complex. WRTP's initial focus on the manufacturing sector was effective and attempts to replicate this success, while challenging, benefit from this sectoral orientation. At the same time, WRTP works on the big strategic challenges of raising the profile of worker training, mobilizing public and private funding for workforce training and adjusting public policy to enable workers receiving public assistance to participate in training programs. WRTP staff attack these major challenges on many levels with limited resources and achieve significant results because they effectively mobilize resources through "win-win" partnerships. The challenges will be to maintain the momentum on such a challenging endeavor as pilot grant funding dries up and to systematize the complex process in order to effectively replicate across sectors. The WRTP experience points to the need for more initiatives that address the complex array of issues holding back small firms and their employees as they try to compete in the global economy.