



Session:

Implications of Changes in the Structure of the Economy

Speaker:

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The Hitachi Foundation

September 19, 2012

Federal Reserve Bank of Kansas City, Kansas City, Mo.

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#WORKFORCE2012

The Future of Workforce Development Implications of Changes in the Structure of the Economy

Not-so Conventional Wisdom from Employers

Barbara Dyer, Hitachi Foundation, President & CEO

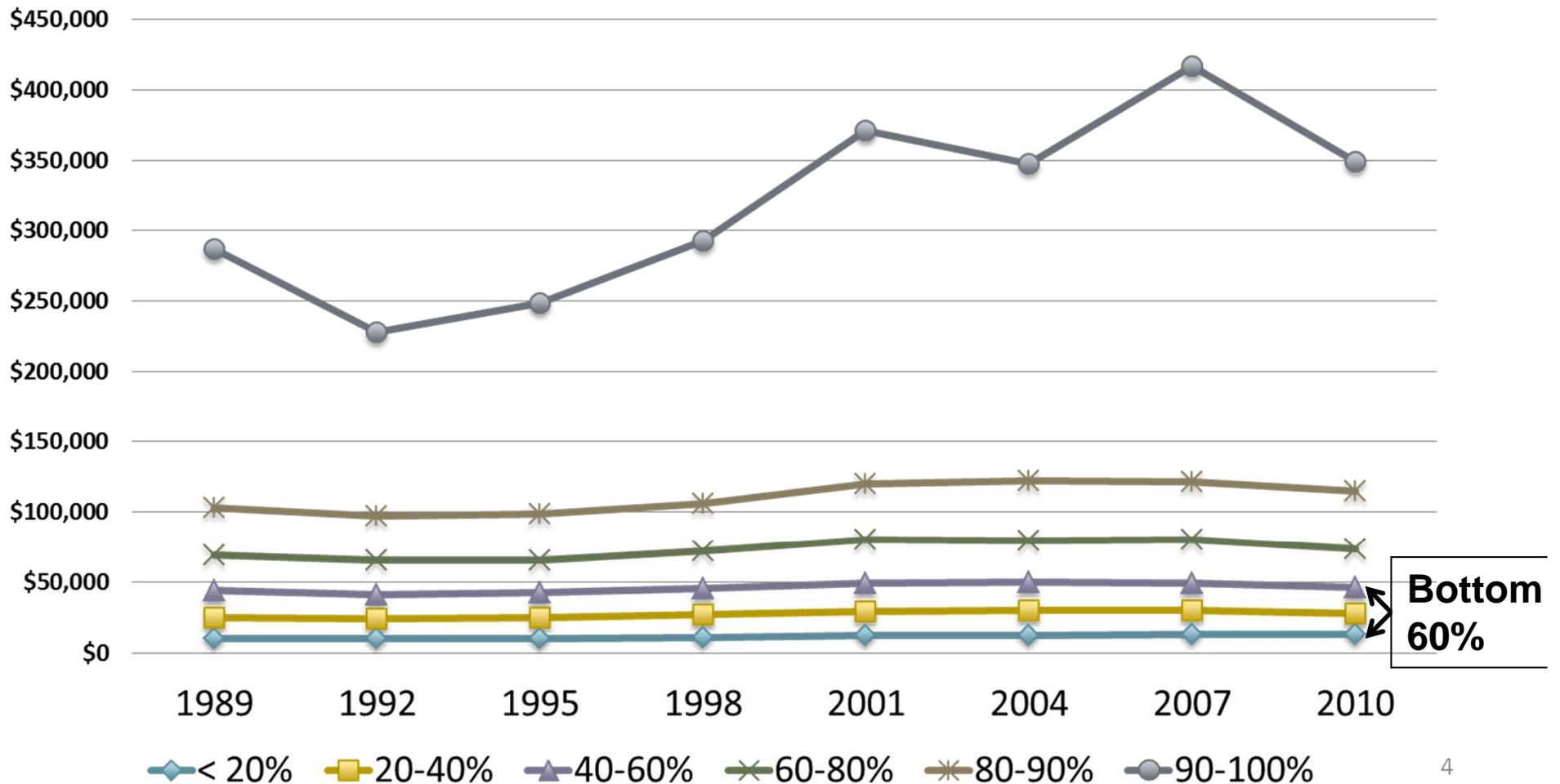
The Hitachi Foundation Mission

Business has an essential role to play in addressing many complex global challenges.

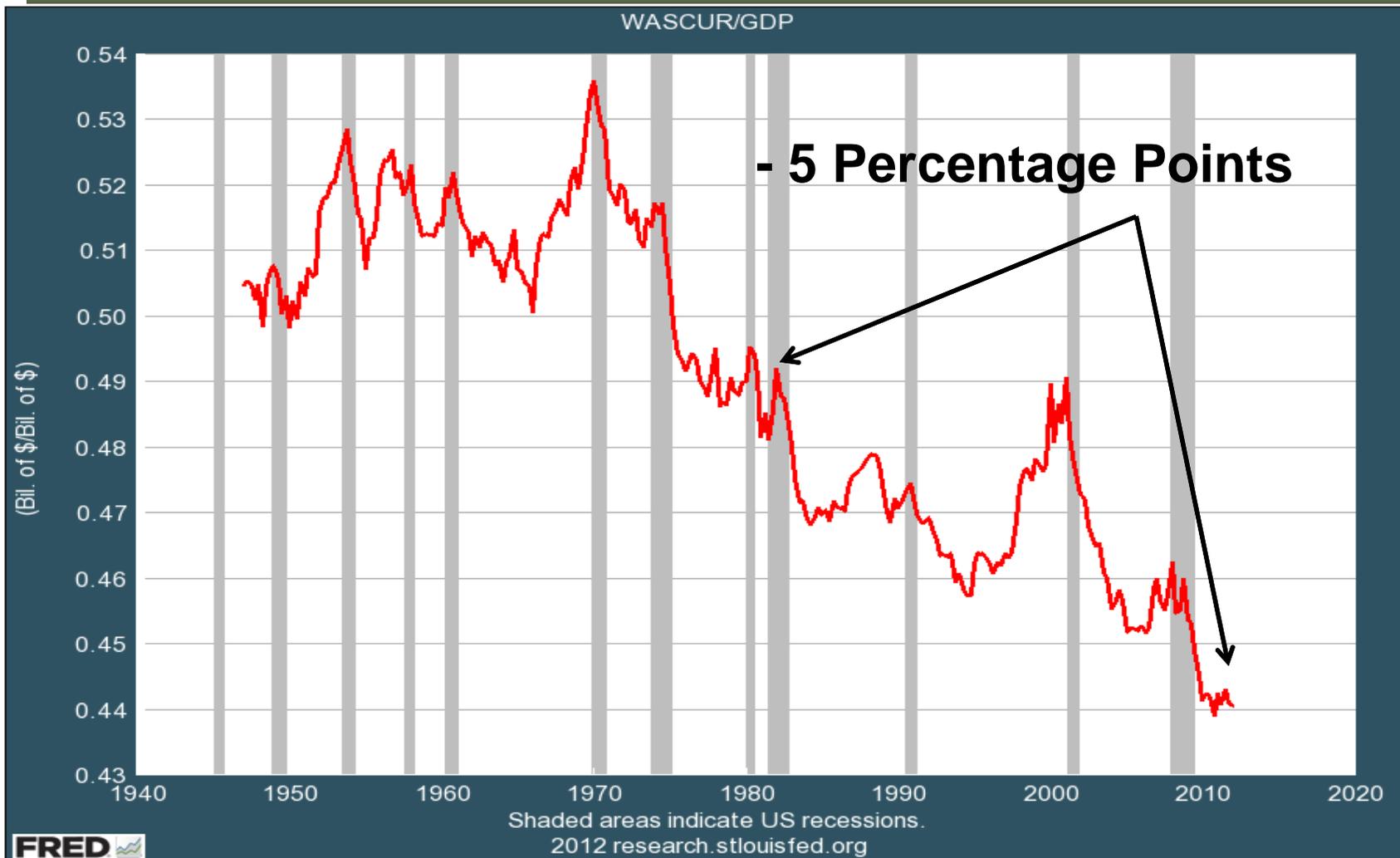
Our mission is to forge an authentic integration of business actions and societal well-being in North America.

We do this by discovering and expanding business practices that measurably improve people's lives *and* enhance business value, within the Hitachi group of companies, and in enterprises beyond Hitachi.

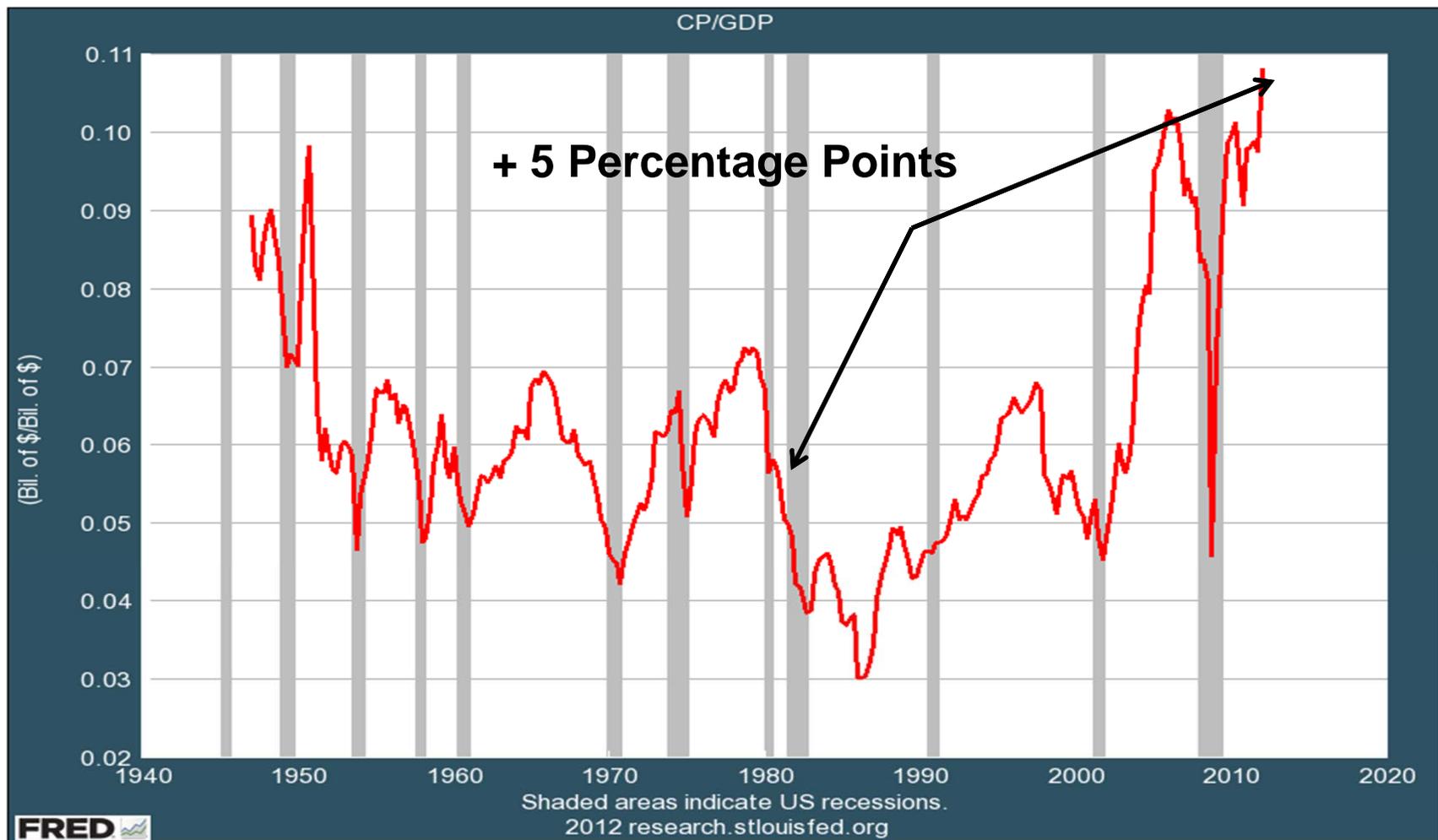
Troubling Trends: Family Income Distribution U.S.



Troubling Trends: Wages as Share of GDP

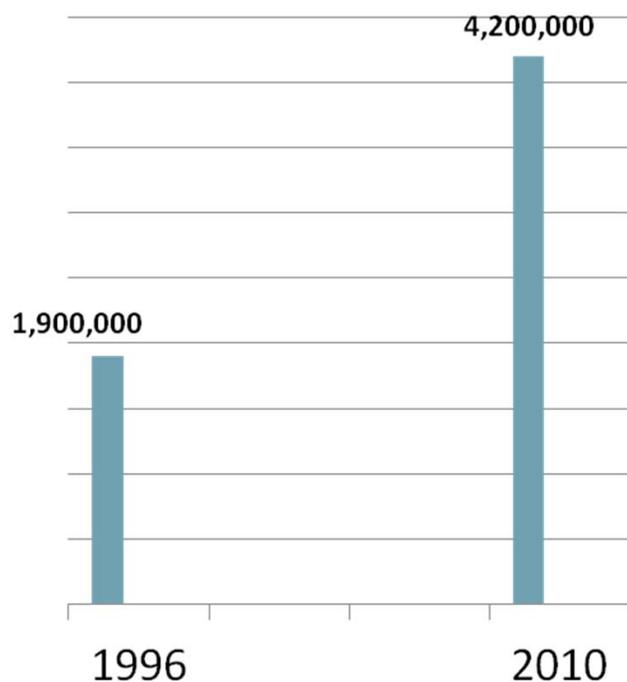


Troubling Trends: Corporate Profits as Share of GDP

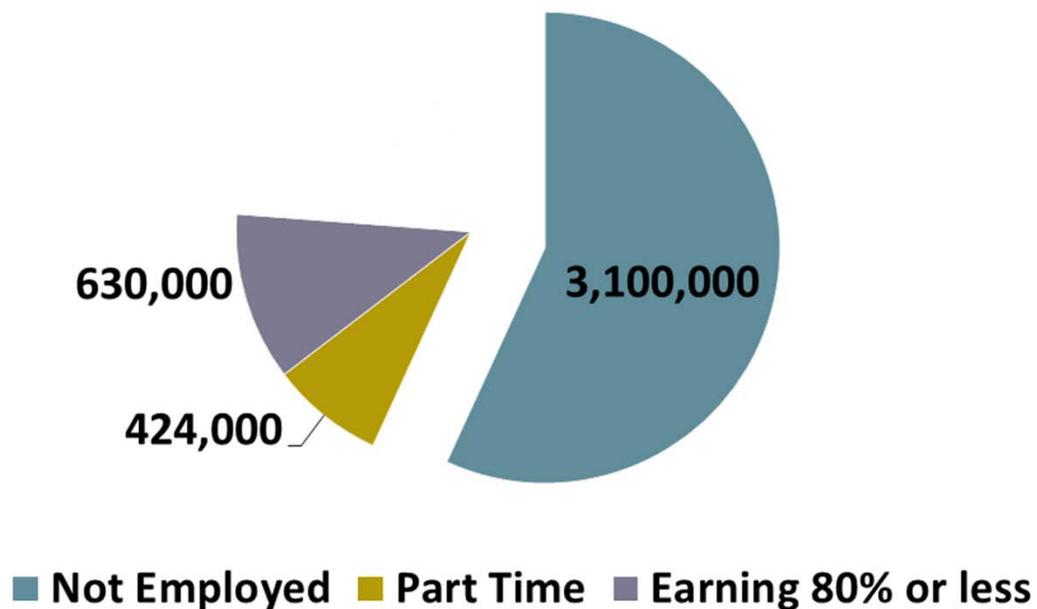


Troubling Trends: U.S. Poverty and Worker Dislocation

Extreme Poverty **DOUBLED**



Poor Outcomes for **76%** of Workers Dislocated from 2009/11



*= Number of parents and children living on less than \$2/day/person for any month

Work is Changing and Employees Bear Greater Risk

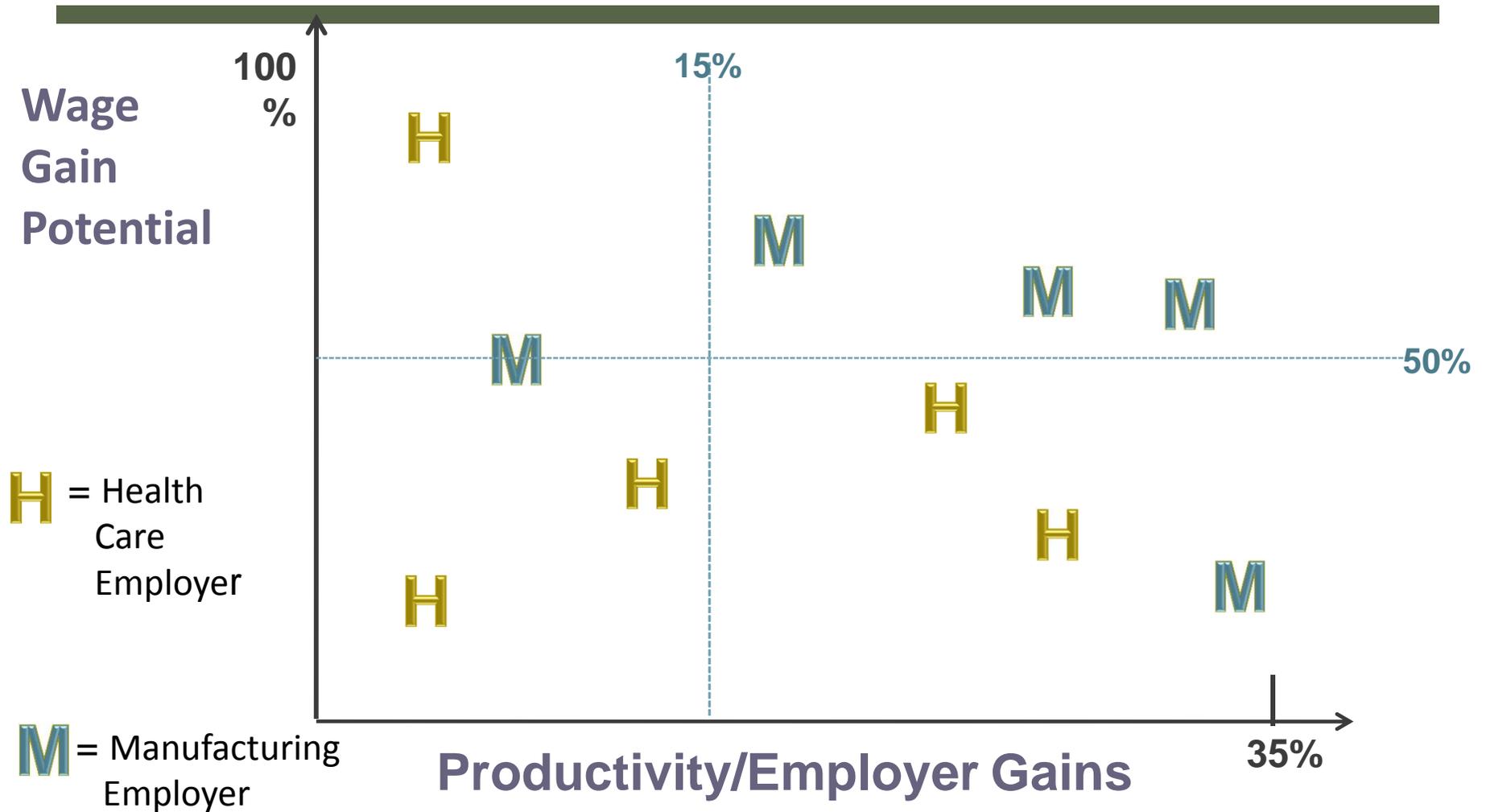
- **Job Volatility and Employment Tenure**
- **Temporary & Contingent Work**
- **Health Insurance**
- **Retirement Plans**
- **Unemployment Eligibility**
- **Influence of Unions**
- **Technology Advances**

Our Search for Bright Light Employers



- Create income growth for lower wage workers and strengthen business value
- Sustain progress on both goals
- Innovate in production models
- Invest in skills at front lines
- Practices are teachable, transferable
- > 70 firms in health care and manufacturing profiled

Bright Light Employers: What Are The Results?



Bright Light Employers: How They Do It



Pridgeon & Clay

Metal processing, Tier 1 auto supply
Grand Rapids, MI
1,000 employees worldwide



- **Grand Rapids - from 400 to over 650 jobs**
- **Net sales up 40% since 2010; Net earnings tripled since 2009**
- **80% of product R&D in production**
- **Creating training in classroom and on the floor**
- **Advanced Press Operators – 50% raise for trainee; + 7% upon completion; + 13% for setup; + 41% for team leaders**

Pioneer Employers: How Do They Do It?

Union Health Center, New York, NY
140 employees and 68,000 annual patient visits



- **Revamped service delivery to enable patient-managed chronic conditions**
- **Cross-functional Medical Assistants become coaches**
- **Chronic care outcomes improved dramatically, emergency room costs cut 50%**
- **Strong career ladder for MAs, with 27% earnings increase for health coaching**
- **Turnover near zero**

Public and Private Workforce Investments

\$172 Billion

\$20 Billion

\$4 Billion

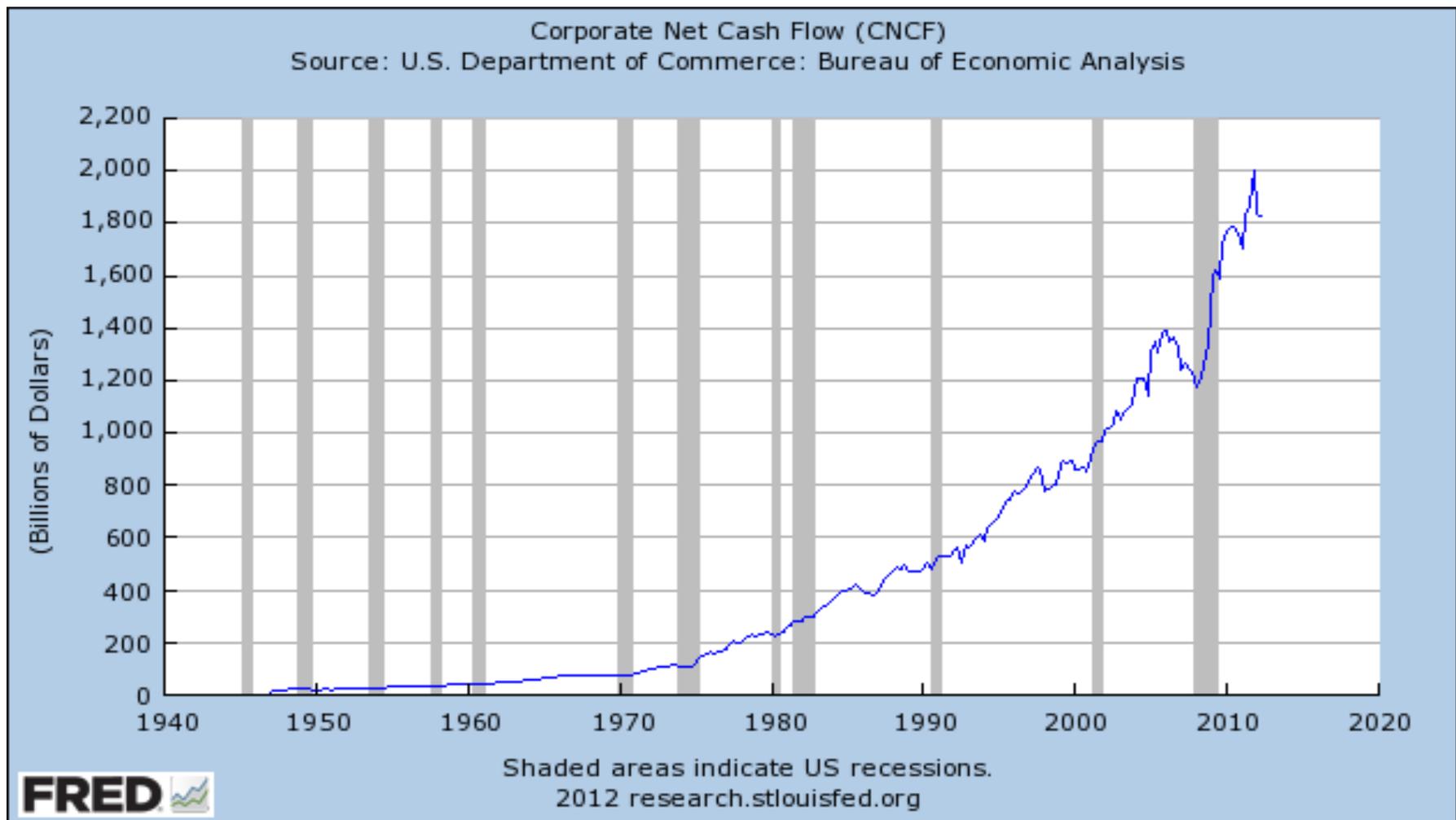


**U.S. ETA Workforce
Development Spending**

**Federal Pell
Grants**

**Employer Spending on
Learning and Development**

\$2 Trillion – Corporate Cash Holdings



“Quick Dozen”: Employer Action Agenda

<p>INNOVATE</p>	<ul style="list-style-type: none"> ▪ Alter production systems to > value added by front line workers ▪ Implement new technologies ▪ Alter product/service mix ▪ Connect customers and production teams
<p>INVEST</p>	<ul style="list-style-type: none"> ▪ Increase talent development/skill building ▪ Shift training budget more towards frontline workers ▪ From tuition reimbursement to remission ▪ Raise limits on training available per individual ▪ Adopt work-based learning approaches
<p>INCENT</p>	<ul style="list-style-type: none"> ▪ Implement job lattices and ladders ▪ Adopt skills-based pay ▪ Offer gainsharing through ESOPs, profit sharing, pay for productivity

Spread “Bright Light” Employer Practices

Why?

- **Win for Employers, Workers, and Communities**
- **Inequality exacts a cost to recovery and weakens American capitalism**

What?

- **Find the proof**
- **Spread the story**
- **Expand practice**
- **Align systems and policy**

What tax, regulatory, financial, or program strategies would move this story from an impressive collection of bright spots to the prevailing business narrative in the United States?