

# TALENT ANCHOR STRATEGY

A SOUTHWEST MICHIGAN FIRST PROJECT PROPOSAL  
PRESENTED TO THE  
REGIONAL PROSPERITY INITIATIVE



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THE GREATEST FORCE FOR CHANGE IS A JOB

## SUMMARY: TALENT ANCHOR STRATEGY

Of our 13 peer regions (determined in partnership with the W.E. Upjohn Institute), Southwest Michigan is the only region losing its millennial population. This statistic when combined with the fact that we have a workforce where 40 percent of participants can retire in the next decade, means our only strategic moves to remain relevant and competitive can be the growth, development, retention and attraction of educated people to our communities.

Western Michigan University (WMU) sits in the midst of the seven-county region of Southwest Michigan as one of the most powerful tools to address this situation. Southwest Michigan First proposes to establish an office on the WMU Campus in 2018 in partnership with WMU’s Haworth College of Business, the College of Engineering and Applied Sciences and College of Fine Arts. The office staff will dedicate themselves to linking students and faculty to regional employers with whom the organization has strong relationships. Services would include connections to internships, talent and strengths assessments, returnships, corporate engagement, alumni education and post-graduation employment.

## PROJECT DESCRIPTION: ESTABLISH SOUTHWEST MICHIGAN FIRST PRESENCE ON WMU CAMPUS

Our region’s survival, within possibly a decade from now, depends on leaders making systematic changes to how we look at growing an economy. We are at or very near full employment. Based on our current trajectory, we will not have enough population growth to keep up with inflation, the cost of public services or the needs of employers. According to Brad Hershbein of the W.E. Upjohn Institute for Employment Research in Kalamazoo, after the baby boomers retire, those approximately ages 51 to 70 as of 2016, “Millennials are the largest demographic entering the workforce to fill this important workforce gap.” Indeed, the Pew Research Center confirms that millennials surpassed not only Baby Boomers but also Generation Xers in the workforce during the first quarter of 2015, with the only hope of adding to Generation X to be through immigration.<sup>i</sup>

As previously stated, we are the only region with negative growth in millennial-aged residents, now the largest cohort of the nation’s workforce. While there are many reasons for this, the primary one is a result of two factors: the loss of families in Michigan’s so-called “Lost Decade” and decreasing college enrollment and retention. If we are to have the basic raw materials to grow our region’s economy in the future, we must focus on target customers, or residents, who are 18-36 in age and fall into three key areas: college students, local and relocating college graduates and young families.

HOW DOES SOUTHWEST MICHIGAN COMPARE TO ITS PEERS? <sup>ii</sup>					
REGION	PEER TYPE	TOTAL POPULATION	MILLENNIAL POPULATION		
			NUMBER	PERCENT	GROWTH 2009-2013
Austin, Texas	Aspirational	1,782,032	502,630	28.2%	5.2%
Springfield, Missouri	Actual	441,050	111,308	25.2%	2.5%
Omaha, Nebraska	Aspirational	876,355	211,524	24.1%	4.1%
Minneapolis-St. Paul, Minnesota	Aspirational	3,391,191	800,146	23.6%	2.1%
Boise, Idaho	Aspirational	628,966	145,631	23.2%	1.6%
Huntsville, Alabama	Actual	424,543	98,057	23.1%	11.8%
Greenville, South Carolina	Aspirational	834,277	192,543	23.1%	5.3%
Greensboro, North Carolina	Actual	730,342	166,885	22.9%	4.7%
Rochester, New York	Actual	1,081,126	246,737	22.8%	6.8%
Akron, Ohio	Actual	704,979	160,883	22.8%	3.5%
Southwest Michigan		778,205	176,062	22.6%	-1.5%
Knoxville, Tennessee	Aspirational	843,268	186,708	22.1%	1.7%
Peoria, Illinois	Actual	380,163	82,594	21.7%	1.1%

If we do not dramatically reverse this trend, we will enter a cycle of economic decline in which we will not have the resources, people, earning power or economic capacity to reverse. Thus, basic civic services will become out of reach for most citizens.

Regional companies must fill the gap if we are to realize our vision is that Southwest Michigan will be a region that leads the nation in economic and social sustainability.

Why must we act? We have achieved full employment: 3.7 percent<sup>iii</sup> in Kalamazoo County and 4.1 percent<sup>iv</sup> in the region, with more than 9,994<sup>v</sup> jobs listed for our region on the state's talent website with consensus of 3-4 times that amount currently unfilled. Despite having 51,285<sup>vi</sup> college students in the region, we are the only peer region losing millennial population.<sup>vii</sup> Over the next 10 years, more than 40 percent of the region's working age population will be eligible to retire.<sup>viii</sup> Because of our one-state recession, Michigan lost families with children which has created a 10 percent<sup>ix</sup> drop in state-wide high school graduation rates, increasing the competition for college students.

We must act. And we must act now. Our projected net workforce loss of 35,000<sup>x</sup> over the next date will translate into a loss of jobs and economic capacity for our region. Population loss, the changing nature of work and job locations and civic costs which will out-pace acceptable revenue options mean that our region will not have future financial and human resources to stem the tide of loss. This is dire news as it is projected that by 2020, the U.S. will fall short five million workers with post-secondary education.<sup>xi</sup>

The global competition for students and graduates is at a critical point. If we are to gain a sustainable advantage, we must act to gain increased community market share of our college and university graduates. Doing so has the potential for tremendous impact. Consider this: college student residents come with discretionary spending of \$10,000<sup>xii</sup> per student. For example, the addition of 3,000 new students at WMU would mean 400 new faculty/staff positions<sup>xiii</sup> and \$30 million in annual local spending. If more college and university students found jobs in the region upon graduation, we would realize increased population aged 25+ with college degrees. This is especially important to local companies with open jobs as 95 percent of net jobs created since the recession have gone to people with college degrees.<sup>xiv</sup> And more so in the future as, by 2020, it is predicted that 65 percent of U.S. jobs will require post-secondary education: 11 percent will require a master's degree or better, 24 percent a bachelor's degree, 12 percent an associate's degree, and 18 percent some college.<sup>xv</sup> The strategy that we propose below to be executed on the campus of WMU will also increase our region's technical educated workforce as we enter a time when 30 percent of employment requires some college or an associate's degree.<sup>xvi</sup> Finally, it will develop our region's capacity to lead through all sectors—for-profit, philanthropic, local government, education, and faith-based—and lead to strategic alignment of community assets and asset managers.

As a private economic development organization, Southwest Michigan First focuses on living out our belief that the greatest force for change is a job by working tirelessly to attract new and expand existing employers and simultaneously growing our location and human resources. To meet our responsibilities, we must increase our target. To this end, Southwest Michigan First has created an anchor strategy to keep people tied to our community rather than seeking jobs and residences outside of our borders.

WMU affords our region a great opportunity with its enrolled student population of 23,529<sup>xvii</sup> (of which the greatest proportion hails from our seven-county region). WMU provides access to a large, raw talent pool that must be tapped into to fill the job pipeline at our regional companies. WMU's responsibility is to educate its students so that they may contribute to world knowledge and discovery upon graduation. To increase regional competitiveness, Southwest Michigan First must take on the added responsibility of

what happens to those students afterwards. Southwest Michigan First stands uniquely positioned to create opportunities for the students because of our relationships established by our team which annually averages 500 one-on-one relational meetings with existing employers (companies that ship or supply customers outside of the region with more than 51 percent of goods or services produced) and 300 meetings with small businesses (those providing local retail and commercial goods and services solutions).

Southwest Michigan First intends to establish a presence on the WMU campus in 2018. This effort includes a physical office space staffed with four (4) full-time employees (FTEs) whose efforts would center around:

- **Internships:** Companies who hire interns from their own programs retain 89 percent of them as employees after the first year, with 73 percent still employed there after year five.<sup>xviii</sup> Through our one-on-one meetings with employers, we will identify local internship opportunities, catalog these opportunities, and educate qualified candidates on those opportunities, thereby establishing a direct conduit from the end user (businesses) to product (students).
- **Talent and strengths assessments:** Gallup®'s data show that simply learning their strengths makes an individual 7.8 percent more productive, and teams that focus on strengths every day have 12.5 percent greater productivity.<sup>xix</sup> Our certified Gallup Strengths Coach will work with students to identify, understand and learn how to use their strengths so students can maximize opportunities by seeking the right job for them.
- **Alumni Relations:** Our team will partner with WMU at its alumni events throughout the U.S. and abroad to attract experienced talent back to Southwest Michigan.
- **Returnships:** For trailing spouses, individuals returning to the workforce or those looking to recharge their careers, our services will include mentoring, matchmaking and, if needed, facilitating introductions to the WMU admission office and those of the region's community colleges.
- **Corporate engagement:** Our team will actively involve and expand local employer presence on WMU's campus in activities such as networking events, student projects and recruitment
- **Faculty relationships:** Our team will actively foster relationships with WMU faculty to understand student programming, communicate programming to employers, and give feedback in return.
- **Post-graduation employment:** Looking to build upon our internship strategy as 61 percent of students with internships have a job offer in hand by the winter of their senior year,<sup>xx</sup> we will support WMU Career and Student Employment Services to increase the number of opportunities made known to graduates seeking employment locally.

What if our student population continues to choose places like Chicago, Austin and Omaha over Kalamazoo, Coldwater, St. Joseph, Three Rivers or Southwest Michigan's numerous attractive small towns? What if Southwest Michigan employers can't find the millennial talent they need to continue producing, serving customers and innovating as the Baby Boomer workforce retires? We look forward to your partnership and support to facilitate these proposed efforts as we believe only by pursuing targeted strategies such as our business office on the WMU campus can our region address its future talent needs to remain globally relevant.

## ENDNOTES

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- i “Millennials surpass Gen Xers as the largest generation in U.S. Labor Force,” May 11, 2015, Pew Research Center
- ii U.S. Census Bureau, American Community Survey 2009-2013, Analysis by Bridge Magazine.
- iii Michigan DTMB, Bureau of Labor Market Information and Strategic Initiatives, Local Area Unemployment Statistics (LAUS), June 2017. Data is preliminary, not seasonally adjusted.
- iv Michigan DTMB, Bureau of Labor Market Information and Strategic Initiatives, Local Area Unemployment Statistics (LAUS), June 2017. Data is preliminary, not seasonally adjusted.
- v Jobs with 50-mile radius of the city of Kalamazoo, Pure Michigan Talent Connect, August 14, 2017.
- vi Total 2016 Enrollment at Albion College, Andrews University, Glen Oaks Community College, Kalamazoo College, Kalamazoo Valley Community College, Kellogg Community College, Lake Michigan College, Southwestern Michigan College, and Western Michigan University, CollegeSimply.com.
- vii U.S. Census Bureau, American Community Survey 2009-2013, Analysis by Bridge Magazine.
- viii Claritas Pop-Facts Premier 2017.
- ix 2014-2016 Special Ruffalo Noel Levitz Report: 2014-2014 Projections of High School Graduates by State and Race/Ethnicity, Based Primarily on Data from WICH; U.S. Census Bureau.
- x Claritas Pop-Facts Premier 2017.
- xi “Recovery: Jobs Growth and Education Requirements Through 2020,” Georgetown University.
- xii Refuel Agency – 2017 Study of College Student Discretionary Spending.
- xiii Western Michigan University Staff FTE Census.
- xiv Georgetown University: America’s Divided Recovery, 2016.
- xv “Recovery: Jobs Growth and Education Requirements Through 2020,” Georgetown University.
- xvi “Recovery: Jobs Growth and Education Requirements Through 2020,” Georgetown University.
- xvii Total 2016 Enrollment Western Michigan University, CollegeSimply.com.
- xviii National Association of Colleges & Employers, 2014 Internship & Co-Op Survey.
- xix “How Employees’ Strengths Make Your Company Stronger,” February 20, 2014, Gallup.
- xx Undergraduate Business School Rankings, Bloomberg Businessweek 2014.

## ORGANIZATIONAL DESCRIPTION

In 1989, the CEO Council was founded in Kalamazoo to address the growth needs of private industry and, in 1999, that council was re-launched as Southwest Michigan First, a privately funded economic development organization to address poverty reduction and lessen the burden of government in Southwest Michigan through the creation of jobs and wealth.

The organizations that led the transition efforts from the CEO Council to Southwest Michigan First, and whom we consider our “founding fathers” included: Borgess Health, Bronson Healthcare Group, Kalamazoo Valley Community College, Monroe-Brown Foundation, MPI Research, PNC Financial Services Group (National City), Pfizer (Pharmacia-Upjohn), Stryker Corporation and Treystar Holdings.

During our 19-year history, we have achieved international recognition for our outcomes. In our work with over 350 companies, we’ve announced the creation of over 15,490 direct jobs with an additional 23,235 indirect jobs as of December 31, 2016. The annual total wages and salaries associated with those jobs and benefitting the population at all economic levels equates to an estimated \$1.74 billion. Private investment by those companies has exceeded \$3.1 billion. Over 5 million square feet of industrial and commercial space and 1,500 acres of land have been successfully reused or developed.

We know that job growth in the current economy is still a big challenge facing our region; after many jobs were lost during the Great Recession, much of our talent was lost along with those jobs. As the region has regained many of those jobs lost during 2008-2011, our companies are now stretched to fill open positions, especially those requiring skilled labor in the manufacturing sector. Companies now compete with each other for available talent. Oftentimes, workers are merely “attracted” from another regional company as attracting talent from outside the region is a challenge. Why? Another leftover from the Great Recession is that our median household income lags behind that of regions with which we compete. In 2000, Michigan’s median household income of \$44,667 was \$2,673 more than the national average – a position of strength in the Midwest. Ten years later, it is \$45,035 and ranks 9th among our peer regions, of which the average household income is \$52,416. The good news is that during the period 2010-2014, according to the U.S. Census American Community Survey, Southwest Michigan realized the greatest growth versus our peers at 1.89%.

Unemployment numbers offer positive trending as they have moved downward since their 2011 annual average high of 10.4%. As of July 2017, the regional unemployment rate holds at 5.2%, which parallels our 30-year average unemployment rate of 5.2%. The unemployment rates by county are: Kalamazoo County | 4.8%; St. Joseph County | 5.1%; Cass County | 5.1%; Berrien County | 5.3%; Branch County | 5.5%; Calhoun County | 5.6%; and Van Buren County | 5.7%

At Southwest Michigan First, we believe the most powerful force for change is a job. The greatest equalizer of our time is self-sufficiency; a job is the pathway there. A job is the beginning of a cycle of self-respect and self-determination. Jobs and employment can change the quality of life for generations. If a father and mother can provide for their family today, their children will be ready, in turn, to someday take care of the next generation.

Some organizations seek to remedy one or more tangible results of a problem. Those types of entities hand out clothes, food and medicine to those with immediate needs. Other organizations aim to address one issue that is a contributor to the problem. Those groups address social issues like child care for those without the means to pay, teen pregnancy or adult literacy. A few organizations take a stab at solving the root of poverty itself. All three types of entities are vital when need is great.

As a 501(c)3 not-for-profit economic development organization, Southwest Michigan First has always categorized itself as the third type of benevolent organization and puts its attention on addressing poverty at its core: the ability of our community to create jobs. With a job, an individual can provide themselves and their family with the essentials necessary for life: food, clothing, healthcare, shelter and education; and perpetuate a cycle of self-sufficiency and self-respect.

Since our inception, we have operated on the principle that job creation exponentially affects the region's future sustainability. Southwest Michigan First has functioned as an organization of privately funded economic development advisors who act as the catalyst for economic success in Southwest Michigan. We work across primary industries throughout Southwest Michigan and our goal is this: To create jobs in the region – at all levels for all individuals.

Our approach is a bold and collaborative one that leverages the region's world-class research and academic institutions, historical legacy of innovation and entrepreneurship and diverse industries to become the nationwide economic development leader. Our goal is to improve the economy by ensuring that our region's existing companies are expanding and thriving, that the world's leading companies are attracted to the area, and that innovators and entrepreneurs are cultivated and supported to thrive. We believe our distinctive open, young and diverse culture is a key competitive advantage, ensuring that Southwest Michigan is the place where talented people want to live, work, play and innovate.

You will consistently see the theme of “jobs” when working with our team. That is the reason we were founded, the reason we have succeeded in the past and the reason we get up every day to ensure we succeed in the future. We have stitched our mission into our heart and soul: The Greatest Force for Change is a Job.

To complete the work presented, Southwest Michigan First will lead the presented project efforts under the leadership of Ron Kitchens and Carla Winchester

- **Ron Kitchens** is the senior partner and chief executive officer of Southwest Michigan First, which has grown 20% annually under his leadership. In addition, Ron leads Consultant Connect, is the publisher of *269 MAGAZINE™*, Impact Athletic board member, chairman of the Kalamazoo Institute of Arts and a Trustee of Western Michigan University. Ron is the founder of the leadership conference Catalyst University and the co-founder of NEXT, a leadership symposium for global economic development leaders. Southwest Michigan First is recognized as one of the Top 5 Best Places to Work in America by *Outside Magazine*, as well as a National Best & Brightest Company. Ron is a graduate of Missouri State University, is a Certified Economic Developer, completed the University of Oklahoma's Economic Development Institute and Harvard's Negotiation Program and accredited by UCLA's Corporate Governance Program.
- **Carla Winchester** serves as managing partner of Southwest Michigan First and leads its leadership and consulting divisions. Services developed by Carla bridge the gap between economic developers and location consultants—two groups that oftentimes find themselves on opposite sides of the virtual super-highway system making up the economic development profession. Her innovation in leadership program development keeps the more than 5,000 annual program participants coming back, eager for more, year after year. Her outstanding leadership and ingenuity were recognized in 2016 when she was named a Bronze Stevie Winner in the category of Female Innovator of the Year by the Stevie® Awards for Women in Business.

Their work will draw upon the support of our partners or companies led by members of our Board of Directors on the following page.

## PARTNERS

The Southwest Michigan First Board of Directors is comprised of C-level executives, a high standard that we have continued to keep since our inception 19 years ago. Not only does it allow for high-level thinking, dreaming and conversation, but it shows existing companies, potential companies and our partners at all levels, that this community is serious about creating jobs. Our Board has received two briefings on this project in June and August of 2017 and voted unanimously to support its execution. Representing all seven counties, here are the members of our Board and their respective companies:

- **Danielle Anderson**, Miller Canfield
- **John Braganini**, Great Lakes Companies
- **Fritz Brown**, Treystar
- **Tom Burt**, Duncan Aviation
- **Joe Cekola**, Imperial Beverage
- **Jamie Clark**, Clark Logic
- **Troy Clay**, Mno-Bmadsen
- **Annette Crandall**, Quality Assured Plastics
- **Ken Davis**, Eaton Corporation
- **John M. Dunn**, Western Michigan University
- **John Gallagher**, Gallagher Uniform
- **Tom Georgoff**, Miller-Davis Company
- **Bjorn Green**, TowerPinkster
- **Jorge Gonzalez**, Kalamazoo College
- **Stacey Hamlin**, CTS Telecom
- **Robert Hammond**, Hammond Roto-Finish
- **Kevin Hanley**, Special-Lite
- **Tom Henry**, Armstrong International
- **John Irwin**, Huntington Bank
- **Michael J. Jandernoa**, 42 North Partners
- **Dan Jaqua**, Jaqua Realtors
- **Andy Johnson**, Graphic Packaging International
- **William D. Johnston**, Greenleaf Companies
- **Mark A. Jones**, AmeriFirst Mortgage Banking Group
- **Gary Kirtley**, Owens Products
- **Ron Kitchens**, Southwest Michigan First
- **Kevin Lobo/Dean Bergy**, Stryker Corp.
- **Dave Maurer**, Humphrey Products
- **Brian McDaniel**, American Axle & Manufacturing
- **Russ McFee**, GHS Strings
- **Brian McConnell**, Burr Oak Tool
- **Kenneth V. Miller**, Millennium Restaurant Group
- **Kurt Miller**, Southern Michigan Bank & Trust
- **Matthew Molitor**, Western Diversified Plastics & Mol-Son
- **Scott Nykaza**, Kalsec
- **Jeffrey C. O'Brien**, WSI
- **Greg O'Niel**, O'Niel LLC
- **William U. Parfet**, Northwood Group
- **Vince Pavone**, Lakeview Ford Lincoln
- **Shawn Premer**, Consumers Credit Union
- **Kelly Presta**, Sturgis Molded Products
- **Sophia Quinn**, Blue Cross Blue Shield of Michigan
- **Michael A. Roeder**, Fabri-Kal Corporation
- **William Russell**, Three Rivers Health
- **Brad Saar**, Stryker Medical
- **Frank J. Sardone**, Bronson Healthcare Group
- **Marilyn Schlack**, Kalamazoo Valley Community College
- **Gary Schultz**, Edwards Garment
- **Marc Schupan**, Schupan & Sons, Inc.
- **Mike Sharpe**, AAY's Rental
- **Michael Stoddard**, BASIC
- **Tim Surprise**, Arcadia Ales
- **Chris Tracy**, Honigman
- **Fred Upton**, U.S. House of Representatives
- **Lee Utke**, Whirlpool Corporation
- **Erik VanAllen**, Getman Corporation
- **Von Washington Jr.**, The Kalamazoo Promise
- **Thomas J. Webb**, Consumers Energy Corporation
- **Mark Welch**, Flowserve
- **Sean P. Welsh**, PNC Financial Services Group
- **Kurk Wilks**, MANN+HUMMEL USA
- **Kathy Young**, Borgess Health
- **Aaron J. Zeigler**, Zeigler Auto Group



## BUDGET

Expenditure Category	RPI Request	Funds from Other Sources	Total
<b>Wages</b>			
1.0 FTE Group Manager	\$0	\$0	\$0
1.0 FTE Internships	\$30,000	\$45,000	\$60,000
1.0 FTE Alumni/ Relationships/ Trailing Spouse	\$0	\$75,000	\$90,000
1.0 FTE Faculty Relations	\$0	\$75,000	\$90,000
1.0 FTE Fellow	\$20,000	\$25,000	\$30,000
<b>Space/Lease</b>	<b>\$8,000</b>	\$10,000	\$18,000
<b>Equipment</b>	<b>\$0</b>	\$7,200	\$7,200
<b>Communications/Marketing</b>	<b>\$5,000</b>	\$30,000	\$35,000
<b>Travel</b>	<b>\$0</b>	\$9,000	\$9,000
<b>TOTALS</b>	<b>\$63,000</b>	\$276,200	\$339,200

## PROJECT BREAKDOWN

Project Component	Target Dates	Component Cost	Component Priority
<b>Phase 1: Build Relationships</b> <ul style="list-style-type: none"> <li>Meet with key WMU personnel</li> <li>Educate company leadership on project</li> </ul>	01/01/18 – 06/30/18	\$0	2
<b>Phase 2: Build Team</b> <ul style="list-style-type: none"> <li>Hire talented individuals to execute key roles</li> </ul>	03/01/18 – 06/30/18	\$277,200	1
<b>Phase 3: Establish Presence</b> <ul style="list-style-type: none"> <li>Open campus office</li> </ul>	06/01/18 – 07/31/18	\$18,000	3
<b>Phase 4: Build Communications Plan</b> <ul style="list-style-type: none"> <li>Design and develop website, resume portal, and marketing materials</li> </ul>	06/01/18 – 10/31/18	\$35,000	5
<b>Phase 5: Engage in Alumni Activities</b> <ul style="list-style-type: none"> <li>Attend alumni events</li> </ul>	09/01/18 – 12/31/18	\$9,000	4

## CONTACTS

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